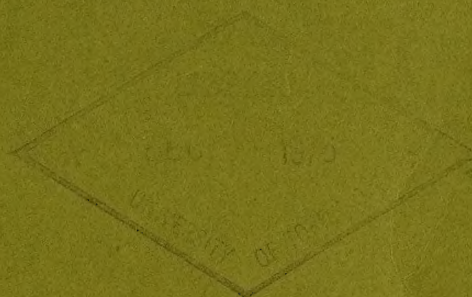


CAI TI 92
-75E86

Government
Publications

EXTRACTS FROM PROVINCIAL LAWS AND REGULATIONS AFFECTING
FOREIGN INVESTMENT^a IN CANADA, DECEMBER 1974



OTTAWA

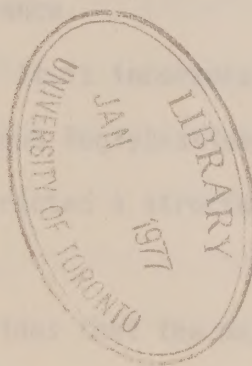
10 January, 1975

Policy Research Division
Research and Analysis Branch
Foreign Investment Review Agency

EXTRACTS FROM PROVINCIAL LAWS AND REGULATIONS
AFFECTING FOREIGN INVESTMENT IN CANADA, DECEMBER 1974

TABLE OF CONTENTS

	<u>Page</u>
Summary	(i)
Introduction	1
Prince Edward Island	
Real Property Act	2
Nova Scotia	
Landholdings Disclosure Act	3
Trust Companies Act	4
Québec, texte français	
Loi du développement de la région de la Baie James	5
Loi de l'aide au développement industriel du Québec	5
Loi de l'accréditation des libraires	5
Quebec, English text	
James Bay Regional Development Act	10
Quebec Industrial Development Assistance Act	10
Booksellers Accreditation Act	10
Ontario	
Public Lands Act	15
Insurance Act	15
Loan and Trust Corporations Act	15
Securities Act	18
Business Corporations Act	21
Corporations Tax Act	22
Ontario Transportation Development Corporation Act	25
An Act to provide for the Registration of Businesses engaged in the Distribution of Paperback and Periodical Publications	26
Land Transfer Tax Act	28
Land Speculation Tax Act	37
Manitoba	
Securities Act	40
Companies Act	40
Saskatchewan	
Trust Companies Act	45
Agricultural Incentives Act	45
Saskatchewan Farm Ownership Act	46
Alberta	
Public Lands Act	50
Insurance Companies Act	52
Trust Companies Act	52
Securities Act	55
Agricultural Development Act	56
Alberta Opportunity Fund Act	58
Alberta Gas Trunk Line Company Act	58
Alberta Energy Company Act	59
British Columbia	
Land Act	62
Trust Companies Act	62
Companies Act	62



NOTE: This working paper supersedes "Extracts from Provincial Laws and Regulations Affecting Foreign Investment in Canada, November 1972", as amended.



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

EXTRACTS FROM PROVINCIAL LAWS AND REGULATIONS
AFFECTING FOREIGN INVESTMENT IN CANADA, DECEMBER 1974

SUMMARY

PRINCE EDWARD ISLAND

Real Property Act

Under the Real Property Act, persons who are not Canadian citizens, unless they are residents of Prince Edward Island, may not take, acquire or hold title to any real property in the Province exceeding 10 acres in aggregate, or shore frontage exceeding 330 feet in aggregate, unless permission of the Lieutenant-Governor-in-Council is granted.

NOVA SCOTIA

Land Holdings Disclosure Act

Under the Land Holdings Disclosure Act, every non-resident individual and every corporation, (with the exceptions noted below) which owned a land holding in Nova Scotia on 1 January 1970 had to deliver a disclosure statement to the Registrar of Land Holdings by the end of 1970.

Every non-resident individual and every corporation (with the exceptions noted below) which acquires a land holding in Nova Scotia must deliver a disclosure statement to the Registrar of Land Holdings immediately upon completion or operation of the document of conveyance.

A corporation is exempted if it is incorporated under a Nova Scotia Act; is registered under the Corporations Registration Act; or carries out its business on the land holding and has erected a structure on it.

Trust Companies Act

The Trust Companies Act provides that the majority of the directors of a provincially incorporated trust company are required to be both residents of Nova Scotia and subjects of Her Majesty.

QUEBEC, texte français

Loi du développement de la région de la Baie James

Nul ne peut occuper la charge d'administrateur de la Société de développement de la Baie James s'il n'est pas citoyen canadien et domicilié au Québec.

Loi de l'aide au développement industriel du Québec.

Nul ne peut être membre de la société de développement industriel du Québec s'il n'est pas domicilié au Québec.

Loi de l'accréditation des libraires

Pour bénéficier de subventions, autres que statutaires, du gouvernement du Québec pour fins d'achats de livres neufs, les institutions subventionnées telles que bibliothèques publiques, corporations municipales, commissions scolaires, hôpitaux, et institutions d'enseignement doivent effectuer lesdits achats, sauf des exceptions limitées, dans les librairies agréées par le ministre des affaires culturelles. (L'expression "librairie agréée" équivaut à "librairie accréditée").

Nul ne peut prendre le titre de librairie accréditée s'il ne détient un certificat d'accréditation. Toute personne qui sollicite un certificat d'accréditation doit remplir les conditions prescrites par la loi et les règlements.

Si le requérant est un individu, il faut qu'il soit un citoyen canadien domicilié au Québec.

Si le requérant est une société, il faut que celle-ci soit constituée par les lois du Québec; que le directeur général, le directeur général adjoint et le contrôleur soient des citoyens canadiens domiciliés au Québec; et que 50% de l'ensemble du capital versé par les associés et de l'excédant acquis appartiennent à un ou plusieurs citoyens canadiens domiciliés au Québec.

Si le requérant est une compagnie ou une corporation, il faut que celle-ci soit constituée par les lois du Québec, sauf s'il soit une compagnie qui, constituée par les lois du Canada, exploitait une librairie au Québec au 1er mai 1971; que la majorité des administrateurs soient des citoyens canadiens domiciliés au Québec; que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier soient des citoyens canadiens domiciliés au Québec; et que 50% des actions émises, représentant au moins 50% des voix pouvant être exprimées et 50% de l'ensemble du capital versé et de l'excédent acquis appartiennent à une ou plusieurs personnes, compagnies ou corporations qui remplissent les conditions mentionnées au-dessus comme conditions prescrites pour l'accréditation.

Si le requérant est une corporation régie par la Loi des associations

coopératives ou par la Loi des caisses d'épargne et de crédit, il faut que la majorité des membres ou des administrateurs, de même que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier soient des citoyens canadiens domiciliés au Québec.

Quel que soit le requérant (individu, société, compagnie ou corporation) il faut que 50% de sa dette soit représentée par des engagements pris envers des personnes, compagnies ou corporations qui répondent aux conditions mentionnées au-dessus; ou envers des institutions financières faisant affaires au Québec et enregistrées au ministère des Institutions financières, compagnies et coopératives.

Le gouvernement du Québec peut accorder des subventions pour l'édition et la diffusion du livre aux seules compagnies ou corporations qui répondent à certaines conditions, les mêmes que les requérants des certificats d'accréditation doivent remplir.

QUEBEC, English text

James Bay Regional Development Act

Directors of the James Bay Development Corporation must be Canadian citizens domiciled in Quebec.

Quebec Industrial Development Assistance Act

A person must be domiciled in the province of Quebec to be a member of the Quebec Industrial Development Corporation.

Booksellers Accreditation Act

In order to be eligible for non-statutory grants from the Quebec government towards the purchase of unused books, subsidized institutions such as public libraries, municipal corporations, school boards, hospitals and educational establishments must purchase such books, with limited exceptions, from bookshops accredited by the Minister of Cultural Affairs.

No person shall use the title of accredited bookseller unless he holds a certificate of accreditation. Any person who applies for a certificate of accreditation must meet the following special conditions laid down in the regulations.

Where an applicant is an individual, he must be a Canadian citizen domiciled in Quebec.

Where an applicant is a partnership, it must be incorporated in Quebec;

the general manager, assistant general manager and the supervisor must be Canadian citizens domiciled in Quebec; and 50 per cent of the capital paid up and acquired surplus must be owned by Canadian citizens domiciled in Quebec.

If the applicant is a company or a corporation then it must be incorporated in Quebec unless it is a Canadian-incorporated company which was operating a bookshop in Quebec on 1 May 1971. The majority of the directors, the president, the general manager, the assistant general manager and the secretary-treasurer must be Canadian citizens domiciled in Quebec. In addition, at least 50 per cent of the voting shares and 50 per cent of the owners' equity must be owned by individuals, partnerships or corporations who meet the aforementioned conditions for accreditation.

Where the applicant is a corporation governed by the Cooperative Associations Act or by the Savings and Credit Unions Act, the majority of the members or directors and the president, general manager, assistant general manager and the secretary-treasurer must be Canadian citizens domiciled in Quebec.

Whether the applicant is an individual, a partnership or a corporation, 50 per cent of the debt of the business must consist of liabilities to individuals or corporations who meet the aforementioned special conditions for accreditation, or of liabilities to finance companies operating in Quebec and registered with the Department of Financial Institutions, Companies and Cooperatives.

The Quebec government may grant subsidies for the publication and distribution of books to companies or corporations which meet similar conditions to those required of applicants seeking a certificate of accreditation.

ONTARIO

The Public Lands Act

Regulations made under the Public Lands Act provide that no person other than a Canadian citizen or a landed immigrant may apply for a lease of a summer resort location on Crown land for private use, until one year after the date of registration of the plan of subdivision which created the summer resort location in question.

The Insurance Act

Under the regulations of the Insurance Act, no agent's licence for

insurance will be issued to a corporation incorporated or with its head office outside Canada or to a corporation, the majority of whose shares are owned by a non-resident, or to a partnership in which any partner is a non-resident, unless the corporation or partnership held a licence on 6 July, 1961.

Subject to the foregoing a licence may be granted to an applicant who is a non-resident of Ontario providing he has a certificate from the Department of Insurance of the province or state in which he is resident certifying that he is licenced for the class of insurance for which his application is made.

The Loan and Trust Corporations Act

The majority of the directors of a loan or trust company are required to be Canadian citizens ordinarily resident in Canada.

The general restraints on non-resident shareholding are as follows. When 25 per cent or less of the shares of a loan or trust corporation are held by non-residents, the percentage held by non-residents cannot be increased above 25 per cent. When non-resident holdings exceed 25 per cent, they cannot be increased further.

The holdings of a single non-resident, in conjunction with those of associates, cannot be increased above 10 per cent of the shares, unless they already exceed that figure, in which case they cannot be increased above their current level.

There is an exception to these restraints where it can be shown that immediately prior to 17 June 1970, shares were held for the use or benefit of a non-resident.

A non-resident may not exercise the voting rights on any shares unless he is entered in the corporation's books as owner of those shares.

When a resident holds shares on behalf of a non-resident he may not exercise the voting rights attached to those shares.

When a resident shareholder becomes a non-resident, the voting rights on such shares cannot be exercised if, when they are added to all other non-resident holdings, the total exceeds the general limitations laid down in the Act.

When the shares held by or on behalf of a non-resident and his associates, other than shares in respect of which the non-resident was entered in the books of the corporation before 17 June 1970 or shares that can be shown

to be held for the use or benefit of the non-resident prior to 17 June 1970, exceed 10 per cent of the stock, the voting rights pertaining to such stock may not be exercised.

Securities Act

Under the provisions of the Securities Act, the Director of the Ontario Securities Commission may refuse registration as an adviser, dealer or underwriter to an individual who has not been a resident of Canada for at least one year prior to the date of application for registration, and is not a resident of Ontario at the date of application, unless the individual is, at the time of application, registered in an equivalent capacity under the securities laws of the jurisdiction in which he last resided, and has been so registered for a minimum period of one year.

Similarly, the Director may refuse registration to a company or partnership unless every officer and director or every partner meets the requirements laid down for individuals.

Regulations under the Securities Act provide that a person will be granted registration as an advisor, dealer or underwriter if the person is a resident.

In the case of a corporation, registration will be granted if the company is a resident; if the total number of shares held or controlled by non-residents as a group do not exceed 25 per cent of the outstanding shares; if no single non-resident, in conjunction with his associates, holds or controls more than 10 per cent of the outstanding shares; and if the company is incorporated in Canada.

The Ontario Securities Commission may grant registration in spite of these restrictions if, in its opinion, such action is not prejudicial to the public interest.

A person holding registration that was granted prior to 14 July 1971 may continue to hold such registration so long as no material interest in the business is transferred to or for the benefit of a non-resident except with the consent of the Commission.

A company holding registration that was granted prior to 14 July 1971 may continue to hold such registration providing no transfers of shares or the control of shares, that would have a material effect on the control of the company, are made to a non-resident unless consented to by the Commission.

A foreign-incorporated company holding registration that was granted prior to 14 July 1971 may continue to hold such registration provided that its registration is transferred to a company incorporated under Canadian law.
The Business Corporations Act.

Under the provisions of Ontario's Business Corporations Act, a majority of the directors of a provincially-incorporated company must be Canadian citizens resident in Canada.

In any financial year, a majority of the meetings of the board and a majority of the meetings of the executive committee must be held in Canada.

A director can take part in a meeting of the board or of the executive committee by means of communications equipment such as a conference telephone. If a majority of the directors participating in such a meeting are in Canada when it is held, then the meeting is considered to be held in Canada.

A majority of the directors present, whether in person or by means of telecommunications equipment, at any meeting of the board or of the executive committee are required to be resident Canadians.

Corporations Tax Act

A Canadian-controlled private corporation which qualifies for the small business deduction under the federal Income Tax Act (Canada) is entitled to a provincial tax credit equal to the lesser of 5 per cent of the increase in its paid up capital in Ontario over the previous high and 6 per cent of the amount deductible under section 125(1) of the Income Tax Act (Canada). The maximum credit available is limited to 50 per cent of Ontario tax payable up to \$3,000. annually. (For definition of Canadian-controlled corporation see section 125(6)(a) of the federal Act.)

Ontario Transportation Development Corporation Act

The Ontario Transportation Development Corporation Act stipulates that a majority of the board of directors must at all times be resident Canadians. It limits the proportion of shares of the Corporation which can be held by non-residents to 10 per cent, and the proportion which can be held by any one person (non-resident or resident) to 5 per cent.

The Paperback and Periodical Distributors Act, 1971.

Under the provisions of the Paperback and Periodical Distributors Act, no person who is not a corporation may carry on business in Ontario as a distributor unless he is a resident. In the case of a partnership, association, syndicate or organization of individuals, every member must be a resident.

There is an exception for persons who were carrying on business as distributors prior to 14 June 1971 providing that an individual does not transfer any part of his business to a non-resident and that in any partnership, association, syndicate or organization of individuals, no non-resident person is admitted as a member.

A corporation may not carry on business in Ontario as a distributor if non-residents hold or control more than 25 per cent of the shares; or a single non-resident holds or controls more than 10 per cent of the shares; or if the corporation is incorporated outside Canada.

There is an exception for Canadian-incorporated companies which were carrying on business prior to 14 June 1971, and on that day were in contravention of the limits placed on non-resident shareholding or control, provided that no further transfers of shares or control are made that would result in a single non-resident, in conjunction with his associates, holding or controlling shares in excess of 10 per cent; or non-residents as a group holding or controlling shares in excess of 25 per cent.

A foreign-incorporated company that was carrying on business prior to 14 June 1971 could continue to do so until 14 June 1972. A Canadian-incorporated company, incorporated after 28 July 1971 and before 14 June 1972 could be registered in place of the foreign-incorporated company providing the shares or control by non-residents were held in the same manner. If such shareholding or control contravened the general limits laid down in the Act, then no further transfers of interest would be allowed that would result in a single non-resident, in conjunction with his associates, holding or controlling more than 10 per cent of the outstanding stock; or non-residents as a group, holding or controlling more than 25 per cent of the outstanding stock.

Land Transfer Tax Act

Effective 10 April, 1974, the Land Transfer Tax on acquisitions of land by non-residents was increased to 20 per cent. The rate for residents remained at 3/10 of 1 per cent on the first \$35,000 and 6/10 of 1 per cent on the balance.

A non-resident person may be either an individual, association or organization of any kind.

An individual is a non-resident person if he or she is not ordinarily resident in Canada, or if ordinarily resident is neither a Canadian citizen nor a landed immigrant. The Act specifies exemptions for certain classes of individuals not resident in Canada. An individual is regarded as being ordinarily resident in Canada if he has sojourned in Canada for 366 days or more during the two preceeding years. Thus a non-resident Canadian who returns to, or a landed immigrant, must reside in Canada at least 366 days during the 2 years following his or her arrival to qualify for resident status.

A partnership, syndicate, association or other organization is classified as non-resident when one-half or more of its members are non-residents. A trust is similarly classified when 50 per cent or more of its beneficial interests are held by non-residents.

A corporation is classified as non-resident when it is controlled by non-residents or when one-half or more of the directors or members are non-residents.

Certain foreign-owned insurance companies are exempt from the non-resident tax rate providing they meet one of several specified conditions. Foreign diplomats, acquiring land for the purpose of establishing a residence in Canada, are also exempt from the non-resident rate. Intercorporate transfers of land by non-resident corporations are exempt from the non-resident tax rate so long as the ownership in whole of both parties to the transfer ultimately rests with the same parent.

Where a transaction involves the group purchase of land by residents and non-residents, the residents may, under certain conditions, be refunded any difference between the resident tax rate and the actual tax paid.

A deferral or remission may be made where it can be shown that the acquisition was or is to be used for the purpose of development and subsequent resale of residential, commercial or industrial projects, or for the purpose of establishing, expanding, or relocating an active business.

An individual non-resident Canadian citizen or a corporation controlled by him through ownership of at least 25 per cent of the voting stock, may qualify for the resident tax rate providing he undertakes to achieve resident status within 5 years. An individual non-resident, other than a Canadian citizen, or a corporation controlled by him through ownership of at least 25 per cent of the voting stock, may qualify for the resident tax rate providing he undertakes to achieve resident status within 2 years. A non-resident corporation may qualify for the resident tax rate providing it undertakes to cease to be a non-resident corporation within 5 years.

The Act provides for the recapture of the non-resident transfer tax where the terms under which a deferral or remission was granted are not met.

Certain classes of non-resident may, in specified types of transactions, have the tax reduced to that of the resident rate. They are: landed immigrants, in the acquisition of a principal residence; returning Canadian citizens taking up permanent residence in Canada, in the acquisition of a principal residence or principal recreational property; businesses other than those primarily in the real estate field that were operating on and after 9 April 1974, for the purpose of acquiring a freehold on their premises, or for expansion or relocation; non-residents, in the acquisition of land for resale to, or for the use of, their employees; and lenders who have acquired land by means of foreclosure.

Land Speculation Tax Act

Under the provisions of the Land Speculation Tax Act, a tax of 20 per cent is imposed on the increase in value realized on the sale of designated land (all real property in Ontario except Canadian resource property). The Act makes no distinction between residents and non-residents. However, where the transfer of controlling interests in a corporation, more than 50 per cent of whose assets are comprised of designated land, is considered to be a takeover by a non-resident corporation, then an additional tax is imposed at the rate of 20 per cent of the proceeds of disposition.

MANITOBA

Securities Act

Under the provisions of the Securities Act, the director may refuse registration to an individual who has not been a resident of Canada for at least

one year prior to the date of application for registration. In addition, the director may refuse registration if an applicant has not been a resident of Manitoba for a year prior to the date of application, unless the individual is, at the time of application, registered in a capacity corresponding to a broker etc., under the securities laws of the jurisdiction in Canada in which he last resided, and has been so registered for a minimum period of one year.

Similarly, the director may refuse registration to a corporation unless every officer and director meet the requirements laid down for individuals.

Companies Act

Under the provisions of the Companies Act, non-resident shareholding in Manitoba incorporated loan companies and Manitoba incorporated trust companies is subject to the following restraints.

When 25 per cent or less of the shares of a loan or trust company are held by non-residents, the percentage held by non-residents cannot be increased above 25 per cent. Where non-resident holdings exceed 25 per cent, they cannot be increased above the existing percentage.

The holdings of a single non-resident, in conjunction with those of his associates, cannot be increased above 10 per cent of the shares, unless they already exceed that limit, in which case they cannot be increased further.

Notwithstanding these limitations, a transfer of shares may be allowed where it can be shown that prior to 27 July 1971, the shares in question were held for the use or benefit of non-residents.

A non-resident may not exercise the voting right attached to shares of a loan or trust company unless he is the registered owner of such shares.

Where a resident holds shares on behalf of a non-resident he may not exercise the voting rights on such shares.

When a resident shareholder becomes a non-resident, and the number of shares entered as owned by that shareholder together with those entered as owned by other non-residents exceeds the prescribed limits, the shareholder may not exercise the voting rights in respect of the shares that exceed the limits.

When any share of a loan or trust company held by or on behalf of a non-resident, other than shares that were held for his use or benefit prior to 27 July 1971 or entered in his name prior to 27 July 1971, together with shares held by or on behalf of his associates, exceed 10 per cent of the stock, the voting rights attached to such stock may not be exercised.

SASKATCHEWAN

Trust Companies Act

The majority of the directors of a trust company are required to be both residents of Saskatchewan and British subjects.

The Agricultural Incentives Act

In order to be eligible for financial assistance under the Agricultural Incentives Act, a farmer must be a Canadian citizen or a landed immigrant residing in Saskatchewan. Similarly, every member of a farming partnership or of a cooperative farming association and every shareholder of a farming corporation must be a Canadian citizen or a landed immigrant residing in Saskatchewan.

The Saskatchewan Farm Ownership Act

The aggregate land holdings of Saskatchewan farm land by a non-resident may not exceed a value of \$15,000 as assessed for municipal tax purposes. The assessment does not include buildings and other related improvements.

A non-resident is defined to be an individual other than an individual who resides in Saskatchewan for at least 183 days a year or an individual who resides for at least 183 days a year outside Saskatchewan but within 20 miles of its borders and whose chief occupation is farming.

A non-resident may not make any new acquisitions of farm land if it would have the effect of increasing his aggregate holdings beyond the specified limit.

There is an exception to these restrictions in the case of land which was acquired, or rights to it existed, prior to 31 March 1974 and in the case where land was acquired while the person was a resident.

When a non-resident acquires farm land by way of devise or inheritance and such acquisition has the effect of increasing his aggregate holdings beyond the specified limit, the non-resident has 5 years from the date of acquisition to reduce his holdings to within the provisions of the Act.

The land holding restrictions placed on non-residents do not apply to specified relatives of a transferor provided that the transferor was a resident during any five year period prior to the transfer and that while he was a resident, he farmed the land. The acquisition of such land by a non-resident, however, would be included in his aggregate holdings and thereby reduce the land holding he would otherwise be permitted to acquire.

A non-resident creditor who has acquired farm land in excess of the

specified limit by way of a settlement of a claim, has two years from the date of acquisition to reduce his holdings. The Board has the power to extend such a period.

A non-resident may apply for an exemption to the land holding restrictions if he intends to become a resident within a period of 3 years.

ALBERTA

Public Lands Act

An applicant for a homestead sale under the Public Lands Act must be a Canadian citizen or a British subject or must declare in his application his intention to become a Canadian citizen.

Regulations under the Act provide that only a Canadian citizen at least eighteen years old or a corporation may apply for a grazing lease on public lands.

No grazing lease shall be issued to a corporation unless the majority of its shares are owned by Canadian citizens resident in Alberta, for their own exclusive use and benefit.

To be eligible for a licence under the Forest Management Area Grazing Licence Regulations, an applicant must be a Canadian citizen at least eighteen years old or a corporation or registered association, the majority of whose shares are held by Alberta residents who are Canadian citizens.

Under the Cultivation Lease and Permit Regulations, an applicant must be a British subject or a Canadian citizen; must be a veteran or meet specified residency requirements in Alberta; and must be operating a farm in Alberta.

Under the Agricultural Farm Sale Regulations, an application to purchase public lands may only be made by a Canadian citizen or a British subject who is at least eighteen years old and not yet seventy-one; who is chiefly engaged in farming as an occupation; whose farm holdings together with those of his spouse meet specified requirements; and who has lived in a dwelling on a specified type of farm in Alberta for six of the twelve months immediately preceding his application.

The Farm Development Regulations provide that only a Canadian citizen or a British subject may apply to exchange, lease or purchase public land. A person who files a declaration of his intention to become a Canadian citizen may apply for a lease, but any option to purchase cannot be exercised until the lessee becomes a Canadian citizen. A family company may apply to acquire public

land, provided that each shareholder qualifies as an individual to acquire such land.

Insurance Companies Act

The majority of the directors of an Alberta incorporated insurance company are required to be both residents of the Province and subjects of the Crown.

Trust Companies Act

Three-quarters of the directors of an Alberta incorporated trust company are required to be both Canadian citizens and residents of Canada.

The Trust Companies Act provides the following restraints on non-resident shareholding. When 25 per cent or less of the shares are held by non-residents, the percentage cannot be increased above 25 per cent. When non-resident holdings are more than 25 per cent, they cannot be increased above the existing percentage.

The holdings of a single non-resident, in conjunction with those of his associates, cannot be increased above 10 per cent of the shares unless that limit has already been exceeded, in which case no further increase will be allowed.

The voting rights on shares held by a resident on behalf of a non-resident may not be exercised.

When shares held by or on behalf of a non-resident, together with shares held by or on behalf of the associates of that non-resident, exceed 10 per cent of the capital stock, the voting rights pertaining to such stock may not be exercised.

If a resident corporation or trust becomes a non-resident corporation after 30 June 1969, any shares acquired by that company while it was a resident shall be deemed to be held for the benefit of a non-resident.

Securities Act

In general, the Securities Act provides that no person or company may act as a broker, investment dealer, underwriter, broker-dealer, sub-broker-dealer, securities issuer, investment counsel, securities advisor or as a salesman of any of the foregoing unless a person or company is registered in such a capacity.

A person may be refused registration if he has not been a resident of Canada for at least a year prior to the date of application; or if he is not a resident of Alberta at the date of application; or if he does not intend to make his permanent home in Alberta if the application is granted; unless the person is, at the time of application, registered in a capacity corresponding to a broker,

etc., under the securities laws of the jurisdiction in Canada in which he last resided, and has been so registered for a minimum period of one year.

Similarly, a partnership or company may be refused registration where it can be shown that one or more of its partners, officers or directors do not conform to the requirements laid down for individuals.

Agricultural Development Act

To be eligible for a loan by the Alberta Agricultural Development Corporation or for having a loan guaranteed by it, an applicant must be a Canadian resident.

A partnership having non-resident partners is not eligible for a loan if the beneficial interest of non-resident partners exceeds 20 per cent of the fair market value of the partnership property or 20 per cent of the actual purchase price of the partnership property at the time the application for a loan is made, whichever is greater, and if the profits to which the non-resident partners are entitled exceed 20 per cent of the total profits.

A corporation is eligible for a loan provided that it is a resident of Alberta; that it is incorporated in Canada; and that non-resident ownership and control does not exceed 20 per cent of the issued and outstanding equity shares.

The Alberta Opportunity Fund Act

The Alberta Opportunity Fund Act does not preclude industrial assistance to non-resident owned or controlled companies but provides that commercial enterprises owned and operated by Canadian citizens residing in Alberta will be given priority.

Alberta Gas Trunk Line Company Act

The Alberta Gas Trunk Line Company Act provides that all of the directors of the Company must be Canadian citizens and must be domiciled in and residents of Alberta.

The Alberta Energy Company Act

Under the provisions of the Alberta Energy Company Act, only Canadian citizens are qualified to be directors of the Company. In addition, three-quarters of the members of the Board are required to be residents of Alberta.

Only Canadian citizens or Canadian residents are eligible to purchase, own or hold voting shares in the Company.

No person may purchase or hold voting shares for the benefit of a non-resident unless the non-resident is a Canadian citizen.

The total number of voting shares which may be held for the benefit of a person or group of associated persons may not exceed one per cent of the issued and outstanding voting shares.

BRITISH COLUMBIA

Land Act

Under the provisions of the Land Act, non-Canadian citizens are not entitled to a Crown grant.

There is an exception in the case of non-Canadian citizens whose application for a disposition of Crown land was allowed prior to 3 April 1970.

There are no restrictions on non-Canadian citizens with regard to the leasing of Crown lands.

Trust Companies Act

Under the provisions of the Trust Companies Act, a majority of the directors of a trust company must be both residents of British Columbia and subjects of Her Majesty.

Companies Act

Under the provisions of the Companies Act, the majority of the directors of every company shall be Canadian citizens resident in Canada, effective from 1 April 1974.

INTRODUCTION

This working paper supersedes "Extracts from Provincial Laws and Regulations Affecting Foreign Investment, November 1972" and the amendments to it. The earlier version was prepared by the Foreign Investment Division of the Department of Industry, Trade and Commerce. The Division was transferred to the Foreign Investment Review Agency in April 1974 and subsequently reorganized as the Policy Research Division.

The main change in this version is the inclusion of new legislation for Ontario, Saskatchewan and Alberta.

A wide and varying range of sources was used when seeking out the material, and the Policy Research Division is grateful for help received. Responsibility for the selection of items in this paper, and for its accuracy, rests with the Division.

Whatever the means which led to the identification of an item, and irrespective of where the source material was first found, the text quoted in this paper was checked in Ottawa against a provincial document from one of the collections maintained by the libraries of the Government of Canada.

This paper contains all of the material that could be verified from the Ottawa libraries up to 31 December 1974, but it makes no claim to be either exhaustive or authoritative. The texts quoted should be regarded only as a guide to help the reader in his studies. The only authoritative texts are those of the statutes and regulations as made public by the provinces concerned. Full references to sources are given to assist the reader in finding these authoritative documents.

There is a parallel working paper which deals with federal legislation. It is "Selected Readings in Laws and Regulations Affecting Foreign Investment in Canada, March 1972", which has been updated to the current situation by Amendments 1 through 5.

PRINCE EDWARD ISLAND

AN ACT TO AMEND THE REAL PROPERTY ACT

Residency requirements

Sec. 3. (1) Persons who are not Canadian citizens may take, acquire, hold, convey, transmit, or otherwise dispose of, real property in the Province of Prince Edward Island subject to the provisions of subsection two (2) here next following.

(2) Unless he receives permission so to do from the Lieutenant-Governor-in-Council, no person who is not a resident of the Province of Prince Edward Island shall take, acquire, hold or in any other manner receive, either himself, or through a trustee, corporation, or any such the like, title to any real property in the Province of Prince Edward Island the aggregate total of which exceeds ten (10) acres, nor to any real property in the Province of Prince Edward Island the aggregate total of which has a shore frontage in excess of five (5) chains.

(3) The grant of any such permission shall be at the discretion of the Lieutenant-Governor-in-Council, who shall notify the applicant in writing by means of a certified copy of an Order-in-Council of his decision within a reasonable time.

(4) An application for any such permission shall be in the form prescribed, from time to time, by the Lieutenant-Governor-in-Council.

(5)

- (a) For the purposes of this section, "Canadian citizen" means persons defined as Canadian citizens by the Canadian Citizenship Act (R.S.C. 1970, Vol. 1, Cap. C-19).
- (b) For the purposes of this section "resident of the Province of Prince Edward Island" means a bona fide resident, animus et factum, of the Province of Prince Edward Island.
- (c) For the purposes of this section "corporation" means any company, corporation, or other body corporate and politic, and any association, syndicate or other body, and any such the like, and the heirs, executors, administrators and curators, or other legal representatives of such person, as such is defined and included by the Domiciled Companies Act (Laws of Prince Edward Island 1962).

NOVA SCOTIA

LANDHOLDINGS DISCLOSURE ACT

Interpretation

Sec. 1. In this Act,

- (e) "non-resident" means an individual who is not a permanent resident of Nova Scotia and includes a person who acquires or acquired a land holding for or on behalf of an individual who is not or was not a permanent resident of Nova Scotia;

Disclosure statement by non-resident

Sec. 4. (1) Every non-resident who acquires a land holding in the Province shall immediately upon completion or operation of the document of conveyance deliver to the Registrar a disclosure statement.

(2) Every non-resident who owns a land holding in the Province on the day on which this Act comes into force shall, within one year of the day on which this Act comes into force, deliver to the Registrar a disclosure statement.

(3) Every non-resident who wilfully fails to comply with subsection (1) or with subsection (2) shall be guilty of an offence and liable on summary conviction to a penalty not exceeding one thousand dollars.

Disclosure statement by corporation

Sec. 5. (1) Every corporation that acquires a land holding in the Province shall immediately upon completion or operation of the document of conveyance have delivered to the Registrar a disclosure statement.

(2) Every corporation that owns a land holding in the Province on the day on which this Act comes into force shall, within one year of the day on which this Act comes into force, have delivered to the Registrar a disclosure statement.

(3) Every corporation that fails to comply with subsection (1) or with subsection (2) shall be guilty of an offence and liable on summary conviction to a penalty not exceeding one thousand dollars.

Exemption of certain corporations

(4) This Section shall not apply to a corporation

- (a) that is incorporated by or under any Act of the Legislature of Nova Scotia;
- (b) that holds a certificate of registration issued under the Corporations Registration Act; or
- (c) that actually carries on its business and has erected an office, plant, factory or other structure on the land holding

NOVA SCOTIA (continued)

TRUST COMPANIES ACT

Majority of directors to be residents and British subjects

Sec. 17. The majority of the directors of the company shall at all times be persons resident in Nova Scotia, and subjects of Her Majesty by birth or naturalization. R.S. c.300, s. 17.

Source: "Landholdings Disclosure Act", Statutes of Nova Scotia 1969, Chapter 13.

"Trust Companies Act", Revised Statutes of Nova Scotia 1967, Chapter 316.

QUEBEC, texte français

LOI DU DEVELOPPEMENT DE LA REGION DE LA BAIE JAMES

Constitution

Article 1. Une compagnie à fonds social est constituée sous le nom de "Société de développement de la Baie James", en français, et de "James Bay Development Corporation", en anglais.

Qualité requise

Article 12. Nul ne peut occuper la charge d'administrateur s'il n'est pas citoyen canadien et domicilié au Québec, mais la qualité d'actionnaire n'est pas requise.

LOI DE L'AIDE AU DEVELOPPEMENT INDUSTRIEL DU QUEBEC

Constitution

Article 15. Un organisme est constitué sous le nom de "Société de développement industriel du Québec", en français, et de "Quebec Industrial Development Corporation", en anglais.

Qualité requise

Article 21. Nul ne peut être membre de la Société s'il n'est domicilié au Québec.

LOI DE L'ACCREDITATION DES LIBRAIRES

DES REGLEMENTS DE PAR LA LOI
DE L'ACCREDITATION DES LIBRAIRES

L'aide à l'édition et à la diffusion du livre.

Attendu qu'il y a lieu d'aider les entreprises québécoises d'édition et de diffusion du livre;

Il est ordonné, en conséquence, sur la recommandation du ministre des Affaires culturelles;

Que le gouvernement du Québec puisse accorder des subventions pour l'édition et la diffusion du livre aux seules compagnies ou corporations qui répondent aux conditions suivantes:

(A) S'il s'agit d'une compagnie ou d'une corporation, il faut:

- (a) que celle-ci soit constituée par les lois du Québec; cette règle ne s'applique pas aux compagnies qui, constituées par les lois du Canada, exploitaient une maison d'édition ou de diffusion, en territoire québécois, au 1er mai 1971;
- (b) qu'elle ait sa principale place d'affaires au Québec;
- (c) que la majorité des administrateurs soient des citoyens canadiens domiciliés au Québec;

QUEBEC, texte français (suite)

- (d) que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier soient des citoyens canadiens domiciliés au Québec;
- (e) que 50% des actions émises, représentant au moins 50% des voix pouvant être exprimées, en toutes circonstances, à une assemblée d'actionnaires et 50% de l'ensemble du capital versé et de l'excédent acquis appartiennent à l'une et/ou l'autre des personnes suivantes:
 - (i) à un ou plusieurs citoyens canadiens domiciliés au Québec
 - (ii) à une ou plusieurs compagnies ou corporations
 - (aa) constituées par les lois du Québec,
 - (bb) ayant leur principale place d'affaires au Québec,
 - (cc) dont la majorité des administrateurs sont des citoyens canadiens domiciliés au Québec,
 - (dd) dont le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier sont des citoyens canadiens domiciliés au Québec,
 - (ee) dont la majorité des actions émises, représentant au moins 50% des voix pouvant être exprimées, en toutes circonstances, à une assemblée d'actionnaires et 50% de l'ensemble du capital versé et de l'excédent acquis appartiennent à des citoyens canadiens domiciliés au Québec et/ou, directement ou indirectement, au gouvernement du Québec;
- (B) S'il s'agit d'une corporation régie par la Loi des associations coopératives (S.R. 1964, ch. 292) ou par la Loi des caisses d'épargne et de crédit (S.R. 1964, ch. 293), il faut que la majorité des membres ou des administrateurs, de même que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier, soient des citoyens canadiens domiciliés au Québec;

Que 50% de la dette des compagnies, corporations, corporations régies par la Loi des associations coopératives (S.R. 1964, ch. 292) ou par la Loi des caisses d'épargne et de crédit (S.R. 1964, ch. 293) soit représentée par des engagements pris envers des personnes répondant aux conditions mentionnées à l'alinéa A, sous-alinéa e) ci-dessus ou envers des institutions financières faisant affaires au Québec et enregistrées au ministère des institutions financières, compagnies et coopératives;

Que les maisons d'édition et de diffusion du livre qui ne répondent pas aux conditions exprimées ci-dessus aient jusqu'au 30 avril 1973 pour modifier leur structure juridique, la composition de leur conseil d'administration et leur structure financière conformément aux exigences du présent arrêté en conseil, pour bénéficier de subventions pour l'édition et la distribution du livre;

Que le présent arrêté en conseil ne porte pas atteinte aux ententes conclues entre le gouvernement du Québec et tout autre gouvernement;

Réglementation de l'accréditation des libraires

Concernant les modifications à la réglementation de l'accréditation des libraires.

2.3 Conditions particulières

QUEBEC, texte français (suite)

(A) Si le requérant est un individu, il faut qu'il soit un citoyen canadien domicilié au Québec;

(B) Si le requérant est une société, il faut:

- (a) que celle-ci soit constituée par les lois du Québec;
- (b) que le directeur général, le directeur général adjoint et le contrôleur soient des citoyens canadiens domiciliés au Québec;
- (c) que 50% de l'ensemble du capital versé par les associés et de l'excédent acquis appartiennent à un ou plusieurs citoyens canadiens domiciliés au Québec;

(C) Si le requérant est une compagnie ou une corporation, il faut:

- (a) que celle-ci soit constituée par les lois du Québec; cette règle, relative à l'incorporation, ne s'applique pas aux compagnies qui, constituées par les lois du Canada, exploitaient une librairie au Québec au 1er mai 1971;
- (b) que la majorité des administrateurs soient des citoyens canadiens domiciliés au Québec;
- (c) que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier soient des citoyens canadiens domiciliés au Québec;
- (d) que 50% des actions émises, représentant au moins 50% des voix pouvant être exprimées, en toutes circonstances, à une assemblée d'actionnaires et 50% de l'ensemble du capital versé et de l'excédent acquis appartiennent à l'une et/ou l'autre des personnes suivantes:

(i) à un ou plusieurs citoyens canadiens domiciliés au Québec,

(ii) à une ou plusieurs compagnies ou corporations

- (aa) constituées par les lois du Québec,
- (bb) dont la majorité des administrateurs sont des citoyens canadiens domiciliés au Québec,
- (cc) dont le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier sont des citoyens canadiens domiciliés au Québec,
- (dd) dont 50% des actions émises, représentant au moins 50% des voix pouvant être exprimées, en toutes circonstances, à une assemblée d'actionnaires et 50% de l'ensemble du capital versé et de l'excédent acquis à des citoyens canadiens domiciliés au Québec et/ou, directement ou indirectement, au gouvernement du Québec;

(D) Si le requérant est une corporation régie par la Loi des associations coopératives (S.R. 1964, ch. 292) ou par la Loi des caisses d'épargne et de crédit (S.R. 1964, ch. 293), il faut que la majorité des membres ou des administrateurs, de même que le président, le directeur général, le directeur général adjoint et le secrétaire-trésorier soient des citoyens canadiens domiciliés au Québec;

(E) Quel que soit le requérant; individu, société, compagnie ou corporation, il faut que 50% de sa dette soit représentée par des engagements pris envers des personnes répondant aux conditions mentionnées à l'alinéa C, sous-alinéa d) ci-dessus ou envers des institutions financières faisant affaires au Québec et enregistrées au ministère des Institutions financières, compagnies et coopératives:

QUEBEC, texte français (suite)

L'aide aux librairies agréées

Attendu qu'il y a lieu de favoriser la diffusion du livre au Québec et son accessibilité au public.

Il est ordonné, en conséquence, sur la recommandation du ministre des Affaires culturelles:

1.0 Modalités d'achats que doivent respecter les institutions subventionnées

Que pour bénéficier de subventions, autres que statutaires, du gouvernement du Québec pour fins d'achats de livres neufs (dans le présent arrêté ministériel, ce terme comprend aussi les éléments pédagogiques, tels que guides du maître, tests, fiches, matériel audiovisuel qui apparaissent sur les listes des manuels agréées par le ministre de l'éducation ou qui complètent lesdits manuels), en langues française et anglaise, de toutes provenances, les institutions subventionnées telles que bibliothèques publiques, corporations municipales, commissions scolaires, hôpitaux et institutions d'enseignement, doivent effectuer lesdits achats dans les librairies agréées par le ministre des affaires culturelles, qui sont en mesure de leur fournir les livres et le service requis. Dans le présent arrêté en conseil, l'expression "librairie agréée" équivaut à "libraire accrédité".

7.0 Exceptions

Que les livres neufs suivants en langues française et anglaise peuvent être achetés ailleurs que dans les librairies agréées:

7.1 Les livres scientifiques, techniques et médicaux, en langue française, qui ont un prix de détail excédant et qui apparaissent sur la liste des titres bénéficiant d'une subvention à la vente en milieux universitaires en vertu des accords franco-québécois;

7.2 Les livres - autres que les manuels scolaires qui apparaissent sur les listes des manuels agréées par le ministre de l'éducation - que le éditeurs (ou leurs diffuseurs exclusifs) ont choisi de distribuer uniquement par des circuits autres que celui de la librairie et qui ont été inscrits au registre des livres, collections ou fonds, registre tenu à cet effet au ministère des affaires culturelles pour consultation par les institutions subventionnées et par les librairies agréées;

7.3 Les livres anciens et les livres rares, c'est-à-dire ceux dont l'éditeur (ou le diffuseur exclusif) a cessé la fourniture aux librairies agréées depuis au moins un an et dont la réimpression n'est pas annoncée;

7.4 Les livres de bibliophilie, c'est-à-dire les ouvrages à tirage limité et numéroté, caractérisé par la qualité du papier, de la typographie et éventuellement des illustrations;

7.5 Les éditions de rodage de manuels scolaires non encore agréées par le ministre de l'éducation qu'un éditeur cède ou vend à une institution subventionnée, à des conditions spéciales, pour que celle-ci en fasse l'expérimentation dans certaines classes;

7.6 Les publications officielles des gouvernements et des organisations internationales.

QUEBEC, texte francais (suite et fin)

Sources: "Loi du développement de la region de la Baie James", Statutes du Québec 1971, Chapitre 34.

"Loi de l'aide au développement industriel du Québec", Statutes du Québec 1971, Chapitre 64.

Arrêté en Conseil Numéro 352-72, Gazette Officielle du Québec, le 19 février, 1972, 104^e année, No. 7.

Arrêté en Conseil Numéro 353-72, Gazette Officielle du Québec, le 26 février, 1972, 104^e année, No. 8.

Arrêté en Conseil Numéro 354-72, Gazette Officielle du Québec, le 26 février, 1972, 104^e Année, No. 8.

QUEBEC, English text

JAMES BAY REGIONAL DEVELOPMENT ACT

Incorporation

Sec. 1. A joint stock company is incorporated under the name of "James Bay Development Corporation" in English and "Société de développement de la Baie James" in French.

Qualification

Sec. 12. No person may act as a director if he is not a Canadian citizen domiciled in the province of Quebec, but he shall not be required to be a shareholder.

QUEBEC INDUSTRIAL DEVELOPMENT ASSISTANCE ACT

Incorporation

Sec. 15. A body is incorporated under the name of "Quebec Industrial Development Corporation" in English and "Société de développement industriel du Québec" in French.

Qualification

Sec. 21. No person shall be a member of the Corporation unless domiciled in the province of Quebec.

BOOKSELLERS ACCREDITATION ACT

REGULATIONS MADE UNDER THE
BOOKSELLERS ACCREDITATION ACT

Assistance for the publication and distribution of books

Whereas it is expedient to assist publishers and distributors of books in Quebec;

It is ordered therefore on the motion of the Minister of Cultural Affairs:

That the Quebec government may grant subsidies for the publication and distribution of books only to the companies or corporations which meet the following conditions:

- (A) In the case of a company or corporation, it shall be necessary:
- (a) that it be incorporated under Québec laws; such rule shall not apply to companies which, having been incorporated under the laws of Canada, were operating a publishing or distributing house, in Quebec territory, on the 1st of May 1971;
 - (b) that it have its main place of business in Quebec;
 - (c) that the majority of the directors be Canadian citizens domiciled in Quebec;

QUEBEC, English text (continued)

- (d) that the president, the general manager, the assistant general manager and the secretary treasurer be Canadian citizens domiciled in Quebec;
- (e) that 50% of the shares issued, representing at least 50% of the votes which may be cast, in all circumstances, at a meeting of the shareholders and 50% of the combined paid up capital and acquired surplus belong to one or more of the following persons:
 - (i) to one or more Canadian citizens domiciled in Quebec
 - (ii) to one or more companies or corporations
 - (aa) incorporated under Quebec laws,
 - (bb) having their main places of business in Québec,
 - (cc) of which the majority of directors are Canadian citizens domiciled in Quebec,
 - (dd) of which the president, the general manager, the assistant general manager and the secretary-treasurer are Canadian citizens domiciled in Quebec,
 - (ee) of which the majority of the shares issued, representing at least 50% of the votes which may be cast, in all circumstances, at a meeting of shareholders and 50% of the combined paid up capital and acquired surplus belong to Canadian citizens domiciled in Quebec and/or, directly or indirectly, to the Quebec government;
- (B) In the case of a corporation governed by the Cooperative Associations Act (R.S. 1964, ch. 292) or by the Savings and Credit Unions Act (R.S. 1964, ch. 293) the majority of the members or directors as well as the president, the general manager, the assistant general manager and the secretary-treasurer must be Canadian citizens domiciled in Québec;

That 50% of the debt of the companies, corporations and corporations governed by the Cooperative Associations Act (R.S. 1964, ch. 292) or by the Savings and Credit Unions Act (R.S. 1964, ch. 293) be represented by engagements taken toward persons meeting the conditions mentioned in paragraph A, sub-paragraph e, hereinabove or toward financial institutions doing business in Quebec and registered with the Department of Financial Institutions, Companies and Cooperatives,

That book publishing and distributing houses which do not meet the conditions expressed hereinabove have until the 30th of April 1973 to change their juridical structure, the composition of their board of directors and their financial structure in accordance with the requirements of this order in council, in order to benefit by subsidies for book publication and distribution,

That this order in council shall not affect agreements made between the government of Quebec and any other government.

Regulations re booksellers accreditation

Respecting the amendments to the Regulation respecting booksellers accreditation

2.3 Special conditions

- 1 -

QUEBEC, English text (continued)

(A) If the applicant is an individual, he must be a Canadian citizen domiciled in Quebec;

(B) If the applicant is a partnership:

- (a) it must be incorporated under the laws of Quebec;
- (b) the general manager, assistant general manager and supervisor must be Canadian citizens domiciled in Quebec;
- (c) 50% of the aggregate of the capital paid up by the partners and of the acquired surplus must be owned by one or more Canadian citizens domiciled in Quebec;

(C) If the applicant is a company or corporation:

- (a) it must be incorporated under the laws of Quebec; such rule respecting incorporation shall not apply to companies which, after having been incorporated under the laws of Canada, were operating a bookshop in Quebec on the 1st of May, 1971;
- (b) the majority of the directors must be Canadian citizens domiciled in Quebec;
- (c) the president, general manager, assistant general manager and secretary-treasurer must be Canadian citizens domiciled in Quebec;
- (d) 50% of the shares issued, representing at least 50% of the votes that might be registered at any time at a shareholders' meeting and 50% of the aggregate of the paid-up capital and of the acquired surplus, must be owned by a single one or each of the following persons:
 - (i) one or more Canadian citizens domiciled in Quebec;
 - (ii) one or more companies or corporations;
 - (aa) incorporated under the laws of Quebec;
 - (bb) the majority of the directors of which are Canadian citizens domiciled in Quebec;
 - (cc) the president, general manager, assistant general manager and secretary-treasurer of which are Canadian citizens domiciled in Quebec;
 - (dd) of which 50% of the shares issued, representing at least 50% of the votes that may be exercised in all circumstances at a shareholders' meeting and 50% of the aggregate of the paid-up capital and of the acquired surplus, are owned by Canadian citizens domiciled in Quebec and/or, directly or indirectly, by the Quebec Government.

(D) If the application is a corporation governed by the Cooperative Associations Act (R.S. 1964, ch. 292) or the Savings and Credit Unions Act (R.S. 1964, ch. 293), the majority of the members or directors as well as the president, general manager, assistant general manager and secretary-treasurer must be Canadian citizens domiciled in Quebec;

(E) Whoever the applicant may - individual, partnership, company or corporation - 50% of the debt thereof must consist of liabilities towards persons fulfilling the conditions mentioned in sub-paragraph d of paragraph C above or towards finance companies operating in Quebec and registered with the Department of Financial Institutions, Companies and Cooperatives.

QUEBEC, English text (continued)

Assistance to accredited bookshops

Respecting assistance to accredited bookshops.

Whereas it is expedient to promote the distribution of books in Quebec and make them more readily available to the public.

Therefore, it is ordered, on the recommendation of the Minister of Cultural Affairs:

1.0 Purchasing clauses to be complied with by subsidized institutions

That, in order to be eligible to non-statutory grants from the Quebec Government towards the purchase of unused French and English books from all points of origin (in this order in council such term also includes pedagogical materials such as teachers hand-books, tests, index cards and audio-visual material mentioned in the lists of books approved by the Minister of Education or complementary to such books), subsidised institutions such as public libraries, municipal corporations, school boards, hospitals and educational establishments must purchase such books from bookshops accredited by the Minister of Cultural Affairs and prepared to supply such institutions with the necessary books and services. In this order in council the expression "librairie agréée" in the French text is equivalent to "librairie accréditée" (accredited bookshop).

7.0 Exceptions

That the following unused French and English books may be purchased elsewhere than in accredited bookshops.

7.1 Scientific, technical and medical books in French which retail for more than \$11, and are listed among the titles subject to a grant when sold in universities under Franco-Quebec agreements.

7.2 Books - other than school-books on the lists of books approved by the Minister of Education - which publishers (or their exclusive distributors) have chosen to distribute solely through other channels than bookshops and which have been entered in the register of books, collections and goodwill, such register being kept at the Department of Cultural Affairs and open to inspection by subsidized institutions and accredited bookshops.

7.3 Old and rare books, that is those the publisher (or the exclusive distributor) of which has ceased to supply them to accredited bookshops for at least one year and the reprint of which has not yet been announced.

7.4 Collectors' books, that is those in limited and numbered editions distinguished by the quality of the paper, the typography, or, on occasion, the illustrations.

7.5 The tentative publishing of school-books not yet approved by the Minister of Education ceded or sold by a publisher to a subsidized institution, on special terms, so that the latter may test such books in certain classes.

7.6 Official publications of the Government and international organizations.

QUEBEC, English text (continued)

Source: "James Bay Regional Development Act", Statutes of Quebec 1971, Chapter 34.

"Quebec Industrial Development Assistance Act", Statutes of Quebec 1971, Chapter 64.

Order in Council Number 352-72, Quebec Official Gazette, February 19, 1972, Vol. 104, No. 7.

Order in Council Number 353-72, Quebec Official Gazette, February 26, 1972, Vol. 104, No. 8.

Order in Council Number 354-72, Quebec Official Gazette, February 26, 1972, Vol. 104, No. 8.

ONTARIO

PUBLIC LANDS ACT

REGULATION MADE UNDER THE
PUBLIC LANDS ACT

Sec. 12. (1) In this section "landing" means landing as defined in the Immigration Act (Canada).

(2) Subject to subsection 3, during the period of one year next following the date of registration of a plan of subdivision creating summer resort locations, no person, other than a Canadian, or a person having landing, shall apply for a lease of a summer resort location in the subdivision for private purposes and no such lease shall be granted to any such person.

(3) During the period of one year next following the date on which this regulation comes into force no person other than a Canadian or a person having landing shall apply for a lease of a summer resort location for private purposes and no such lease shall be granted to any such person.

INSURANCE ACT

REGULATION MADE UNDER THE
INSURANCE ACT

4. (3) Subject to section 6, a licence may be granted to an applicant who is a non-resident of Ontario and who produces a certificate from the Department of Insurance of the province or state in which he is resident that certifies that he is licensed for the class of insurance for which his application is made. R.R.O. 1960, Reg. 392, s. 4(3), revised.

6. No licence shall be issued to a corporation incorporated or with its head office outside Canada or to a corporation the majority of whose issued shares are owned beneficially or otherwise by a shareholder resident outside Canada, or to a partnership in which any partner is resident outside Canada, unless the corporation or partnership held a licence on the 6th day of July, 1961, and was one to which this section or a predecessor thereof applied on that date. O. Reg. 374/61, s.2; O. Reg. 293/62, s. 1.

LOAN AND TRUST CORPORATIONS ACT

Majority to be Canadian citizens and residents

Sec. 35. (4) The majority of the directors shall at all times be Canadian citizens ordinarily resident in Canada.

(5) Where more than the permitted number of non-residents and aliens are elected a new election shall be held forthwith to fill all the directorships to which non-residents or aliens have been elected and so on until the number of non-residents and aliens elected is reduced to or below the permitted number. 1970 c. 129, s. 10.

Interpretation

Sec. 54. (1) In this section and sections 55 to 59,

(a) "company" includes an association, partnership or other organization:

(b) "non-resident" means

(i) an individual who is not ordinarily resident in Canada,

ONTARIO (continued)

- (ii) a company incorporated, formed or otherwise organized elsewhere than in Canada,
 - (iii) a company that is controlled directly or indirectly by non-residents as defined in subclause i or ii,
 - (iv) a trust established by a non-resident as defined in subclause i, ii or iii, or a trust in which non-residents as so defined have more than 50 per cent of the beneficial interest, or
 - (v) a company that is controlled directly or indirectly by a trust mentioned in subclause iv;
- (c) "resident" means an individual, company or trust that is not a non-resident.

Associated Shareholder

- (2) For the purposes of sections 55 to 59 a shareholder shall be deemed to be associated with another shareholder if,
- (a) one shareholder is a company of which the other shareholder is an officer or director;
 - (b) one shareholder is a partnership of which the other shareholder is a partner;
 - (c) one shareholder is a company that is controlled directly or indirectly by the other shareholder;
 - (d) both shareholders are companies and one shareholder is controlled directly or indirectly by the same individual or company that controls directly or indirectly the other shareholder;
 - (e) both shareholders are members of a voting trust where the trust relates to shares of a corporation; or
 - (f) both shareholders are associated within the meaning of clauses a to e with the same shareholder.

Shares held jointly

- (3) For the purposes of sections 55 to 59, where a share of the capital stock of a corporation is held jointly and one or more of the joint holders thereof is a non-resident, the share shall be deemed to be held by a non-resident. 1970, c. 84, s. 2, part.

Limit on shares held by non-residents

- Sec. 55. (1) The directors of a corporation shall refuse to allow in the books referred to in section 66 the entry of a transfer of any share of the capital stock of the corporation to a non-resident,
- (a) if, when the total number of shares of the capital stock of the corporation held by non-residents exceeds 25 per cent of the total number of issued and outstanding shares of such stock, the entry of the transfer would increase the percentage of such shares held by non-residents;
 - (b) if, when the total number of shares the capital stock of the corporation held by non-residents is 25 per cent or less of the total number of issued and outstanding shares of such stock, the entry of the transfer would cause the total number of such shares of stock held by non-residents to exceed 25 per cent of the total number of issued and outstanding shares of such stock;
 - (c) if, when the total number of shares of the capital stock of the corporation held by the non-resident and by other shareholders

ONTARIO (continued)

associated with him, if any, exceeds 10 per cent of the total number of issued and outstanding shares of such stock, the entry of the transfer would increase the percentage of such shares held by the non-resident and by other shareholders associated with him, if any; or

- (d) if, when the total number of shares of the capital stock of the corporation held by the non-resident and by other shareholders associated with him, if any, is 10 per cent or less of the total number of issued and outstanding shares of such stock, the entry of the transfer would cause the number of such shares of stock held by the non-resident and by other shareholders associated with him, if any, to exceed 10 per cent of the issued and outstanding shares of such stock.

Exception

(2) Notwithstanding subsection 1, the directors of a corporation may allow in the books referred to in section 66 the entry of a transfer of any share of the capital stock of the corporation to a non-resident when it is shown to the directors on evidence satisfactory to them that the share was, immediately prior to the 17th day of June, 1970, held in the right of or for the use or benefit of the non-resident.

Allotment to non-resident

(3) The directors of a corporation shall not allot, or allow the allotment of, any shares of the capital stock of the corporation to any non-resident in circumstances where, if the allotment to such non-resident were a transfer of those shares, the entry thereof in the books would be required, under subsection 1, to be refused by the directors.

Penalty

(4) Default in complying with this section does not affect the validity of a transfer or allotment of a share of the capital stock of the corporation that has been entered in the books referred to in section 66, but every director or officer who knowingly authorizes or permits such default is guilty of an offence and on summary conviction is liable to a fine of not more than \$5,000 or to imprisonment for a term of not more than one year, or to both such fine and imprisonment. 1970, c. 84, s. 2, part, amended.

Voting by non-residents

Sec. 56. (1) A non-resident shall not exercise the voting rights attached to shares of a corporation unless he is entered in the books of the corporation as a shareholder in respect of the shares.

Voting rights of nominees suspended

(2) Where a resident holds shares of the capital stock of a corporation in the right of, or for the use or benefit of, a non-resident and in respect of which the non-resident is not entered in the books of the corporation as the holder, the resident shall not, either in person or by proxy or by a voting trust, exercise the voting rights pertaining to those shares.

Change of status while entered on books

(3) Where a person or company who is a resident becomes a non-resident while entered on the books of a corporation as a shareholder and the number of shares of such person or company recorded in such books when added to those entered therein as owned by other

ONTARIO (continued)

non-residents exceed the limit set out in section 55, the person or company shall not exercise, directly, by proxy or by a voting trust, any voting rights in respect of its shares that exceed the limit set out in section 55.

Voting rights of single non-resident owner

(4) Notwithstanding subsections 1, 2 and 3, where any shares of the capital stock of a corporation are held in the name of or for the use or benefit of a non-resident (other than shares in respect of which the non-resident was entered in the books of the corporation before the 17th day of June, 1970 or is entered in the books under subsection 2 of section 55) no person shall, either as proxy or by a voting trust or in person, exercise the voting rights pertaining to such shares held by the non-resident or in his right or for his use or benefit, if the total of such shares so held, together with such shares held in the name or right of or for the use or benefit of

(a) any shareholders associated with the non-resident; or

(b) any persons who would, under subsection 2 of section 54, be deemed to be shareholders associated with the non-resident were such persons and the non-resident themselves shareholders,

exceed in number 10 per cent of the issued and outstanding shares of such stock.

SECURITIES ACT

Residence

Sec. 14. (1) The Director may refuse registration to a person if he has not been a resident of Canada for at least one year immediately prior to the date of application for registration and if he is not a resident of Ontario at the date of such application unless at the time of such application such person is registered in a capacity corresponding to that of a dealer, adviser, underwriter or salesman under the securities laws of the jurisdiction in which he last resided and has been so registered for a period of not less than one year immediately preceding the date of the application and is, in the opinion of the Director, otherwise suitable for registration. 1966, c. 142, s. 14(1); 1968-69, c. 116, s. 3(1).

(2) The Director may refuse registration to a company or partnership if every officer and director or every partner has not been a resident of Canada for at least one year immediately prior to the date of application for registration and if he is not a resident of Ontario at the date of such application unless at the time of such application he is registered in a capacity corresponding to that of a dealer, adviser, underwriter or salesman under the securities laws of the jurisdiction in which he last resided and has been so registered for a period of not less than one year immediately preceding the date of the application and is, in the opinion of the Director, otherwise suitable for registration. 1966, c. 142, s. 14(2); 1968-69, c. 116, s. 3(2).

ONTARIO (continued)

REGULATION MADE UNDER
THE SECURITIES ACT

Definitions

Sec. 6a. (1) In this section,

(a) "non-resident" means,

- (i) a person who is not a Canadian citizen,
- (ii) a person who is not ordinarily resident in Canada,
- (iii) a company incorporated, formed or otherwise organized elsewhere than in Canada,
- (iv) a company that is controlled directly or indirectly by a non-resident as defined in subclauses i, ii or iii,
- (v) a trust established by a non-resident as defined in subclauses i, ii, iii or iv, or a trust in which non-residents as so defined have more than 50 per cent of the beneficial interest, or
- (vi) a company that is controlled directly or indirectly by a trust mentioned in subclause v; and

(b) "resident" means a person or company, including a trust, that is not a non-resident.

(2) Subject to subsection 3, on or after the 14th day of July, 1971, a person or company shall be granted registration or renewal of registration as an adviser, dealer or underwriter subject to the following conditions:

1. The person or company is a resident.

2. In the case of a company,

- (a) the total number of equity shares of the company beneficially owned, directly or indirectly, by non-residents or over which non-residents exercise control or direction does not exceed 25 per cent of the total number of issued and outstanding equity shares of the company;
- (b) the total number of equity shares of the company beneficially owned, directly or indirectly, by a non-resident or over which he exercises control or direction, together with other shareholders associated with him, if any, does not exceed 10 per cent of the total number of issued and outstanding equity shares of the company; and
- (c) the company is incorporated by or under an Act of Ontario, Canada or a province of Canada.

(2a) Notwithstanding subsection 2, the Commission may, where in its opinion such action is not prejudicial to the public interest, order, subject to such terms and conditions as it may impose, that registration or renewal of registration may be granted notwithstanding any variation from the conditions set out in clauses a and b of paragraph 2 of subsection 2.

(3) A person or company that holds registration as an adviser, dealer or underwriter, granted prior to the 14th day of July, 1971, may continue to hold such registration and be granted a renewal of that continuing registration provided,

ONTARIO (continued)

- (a) in the case of a person no material part or interest in the business conducted by the registrant is transferred to or for the benefit of a non-resident except with the consent of the Commission where, in its opinion such transfer is not prejudicial to the public interest and the registration shall continue subject to such additional terms and conditions as the Commission may impose;
- (b) in the case of a company no transfer of equity shares or beneficial interest therein including their control or direction having a material effect on the control of the company shall be made to a non-resident or any person associated with him except with the consent of the Commission where, in its opinion such transfer is not prejudicial to the public interest and the registration shall continue subject to such additional terms and conditions as the Commission may impose or when the result would be in accordance with the conditions set out in clauses a and b of paragraph 2 of subsection 2; and
- (c) in the case of a company not incorporated by or under an Act of Ontario, Canada or a province of Canada its registration is transferred to a company incorporated by or under an Act of Ontario, Canada or a province of Canada before the 14th day of July, 1972.

(3a) Where the Commission has made an order under subsection 2a or consented to a transfer under subsection 3, a notice of such order or consent, a summary of the facts relating thereto and the reasons therefor shall be published by the Commission in its regular weekly publication as soon as practicable after the making of the order or the granting of the consent.

(4) For the purposes of this section, a shareholder shall be deemed to be associated with another shareholder if,

- (a) one shareholder is a company of which the other shareholder is an officer or director;
- (b) one shareholder is a partnership of which the other shareholder is a partner;
- (c) one shareholder is a company that is controlled, directly or indirectly, by the other shareholder;
- (d) both shareholders are companies and one shareholder is controlled, directly or indirectly, by the same person or company that controls, directly or indirectly, the other shareholder;
- (e) both shareholders are members of a voting trust where the trust relates to shares of a company; or
- (f) both shareholders are associated within the meaning of clauses a to e with the same shareholder.

(5) For the purposes of this section, where an equity share is held jointly and one or more of the joint holders thereof is a non-resident, the share shall be deemed to be held by a non-resident.

ONTARIO (continued)

THE BUSINESS CORPORATIONS ACT

Definition

Sec. 23a. "resident Canadian" means a Canadian citizen who is ordinarily resident in Canada.

Directors to be resident Canadians

Sec. 122. (3) A majority of directors on the board of directors of every corporation shall be resident Canadians.

Meetings to be held in Canada

Sec. 130. (2) Where the by-laws of the corporation so provide, the meetings of the board of directors and of the executive committee may be held at any place within or outside Ontario, but in any financial year of the corporation a majority of the meetings of the board of directors and a majority of the meetings of the executive committee shall be held at a place within Canada.

Meetings by conference telephone

Sec. 130. (3) Subject to the by-laws of the corporation, where all the directors have consented thereto, any director may participate in a meeting of the board of directors or of the executive committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a director participating in a meeting pursuant to this sub-section shall be deemed for the purposes of this Act to be present in person at that meeting.

Place of meeting by conference telephone

Sec. 130. (4) If a majority of the directors participating in a meeting held pursuant to subsection 3 are then in Canada, the meeting shall be deemed to have been held in Canada.

Conduct of business

Sec. 132. (2) Subject to section 133 and subsection 1 of section 23, no business of a corporation shall be transacted by its board of directors except at a meeting of directors at which a quorum of the board is present and at which a majority of the directors present are resident Canadians.

Executive committee

Sec. 133. (1) Where the number of directors of a corporation is more than six, and if authorized by a special by-law, the directors may elect from among their number an executive committee consisting of not fewer than three of whom a majority shall be resident Canadians and may delegate to the executive committee any powers of the board of directors, subject to the restrictions, if any, contained in the by-law or imposed from time to time by the directors.

Conduct of business

Sec. 133. (3) No business shall be transacted by an executive committee except at a meeting of its members at which a quorum of the executive committee is present and at which a majority of the members present are resident Canadians.

ONTARIO (continued)

THE CORPORATIONS TAX ACT, 1972

Small business incentive

Sec. 106a. (1) There may be deducted from the tax otherwise payable under this Part for a fiscal year by a corporation that, with respect to such fiscal year, was eligible for a deduction under section 125 of the INCOME TAX ACT (Canada) an amount equal to the lessor of

(a) 5 per cent of its eligible taxable paid-up capital for the fiscal year: and

(b) 6 per cent of the amount determined under subsection 2.

(2) For the purposes of clause b of subsection 1, the amount determined under this subsection is that proportion of the least of the amounts determined under paragraphs a, b, c and d of subsection 1 of section 125 of the INCOME TAX ACT (Canada) for the fiscal year not exceeding \$50,000. that

(a) the amount of that portion of its taxable income for the fiscal year that is deemed to have been earned in Ontario measured in accordance with paragraph a of subsection 4 of section 124 of the INCOME TAX ACT (Canada)

bears to

(b) the total amount of the portions of its taxable income for the fiscal year that are deemed to have been earned in the provinces of Canada measured in accordance with paragraph a of subsection 4 of section 124 of the INCOME TAX ACT (Canada).

(3) In addition to the deduction permitted under subsection 1 there may be deducted from the tax otherwise payable under this Part for a fiscal year by a corporation, the amount, if any, by which the amount determined under clause a of subsection 1 exceeds the amount determined under clause b of that subsection for any of the five fiscal years immediately preceding the fiscal year to the extent that such amount has not previously been deducted under this subsection except that

(a) the amount that would otherwise be deductible under this subsection from the tax otherwise payable under this Part for a fiscal year shall not be deducted for any fiscal year in respect of which the corporation was not eligible for a deduction under section 125 of the INCOME TAX ACT (Canada) or any subsequent fiscal year: and

(b) in no case shall the additional deduction allowed under this subsection operate to permit a deduction for the fiscal year in excess of the amount determined under clause b of subsection 1 for the fiscal year.

Definitions

(4) In this section

(a) "eligible for a deduction under section 125 of the INCOME TAX ACT (Canada)" means otherwise qualified for a deduction under section 125 of the INCOME TAX ACT (Canada) notwithstanding that no deduction was allowed under that section for the fiscal year by reason only that the amount determined under paragraph a or b of subsection 1 of that section was nil for that fiscal year, and "not eligible for a deduction under section 125 of the INCOME TAX ACT (Canada)" has a corresponding meaning;

ONTARIO (continued)

(b) "eligible taxable paid-up capital for the fiscal year" means, in respect of any fiscal year ending after the 9th day of April, 1974, the amount, if any, by which,

(i) the taxable paid-up capital amount of a corporation for that fiscal year determined in accordance with subsection 6

exceeds

(ii) the greatest of the taxable paid-up capital amounts of a corporation for the fiscal years ending on or after the 31st day of March, 1973 and before that fiscal year determined in accordance with subsection 6,

minus any deduction required by subsection 5; and

(c) "tax otherwise payable under this Part" means the tax for the fiscal year otherwise payable by the corporation under this Part after making any deduction applicable under sections 103, 104, 105 and 106 but before making any deduction under this section.

Deduction of Eligible Paid-Up Capital

(5) Where for the purposes of section 132, part of the taxable paid-up capital of a corporation determined under Division B of Part III for the fiscal year is deemed to have been used in a jurisdiction outside Ontario, the amount determined under clause b of subsection 4 shall be reduced in the same ratio that the tax payable under section 131 is reduced for that fiscal year.

Taxable Paid-Up Capital Amount

(6) For the purposes of clause b of subsection 4 "taxable paid-up capital amount" for a fiscal year means the amount of the taxable paid-up capital of the corporation determined under Division B of Part III for the fiscal year reduced by such of the following amounts as are applicable,

(a) the amount by which the taxable paid-up capital of the corporation for the fiscal year was increased by including in the paid-up capital of the corporation for that fiscal year any appraisal surplus:

(b) the amount by which the taxable paid-up capital of the corporation for the fiscal year was increased by including in the paid-up capital of the corporation for that fiscal year any amounts that in the opinion of the Minister are represented by,

(i) the corporation's year-end cash balances

(ii) loans receivable from shareholders or any other person not dealing at arm's length with such shareholders or the corporation, or

(iii) assets transferred to the corporation in any manner whatsoever from a person with whom the corporation was not dealing at arm's length:

ONTARIO (continued)

(c) the amount by which the taxable paid-up capital of the corporation for the fiscal year was increased by including in the paid-up capital of the corporation for that fiscal year amounts, other than eligible capital expenditure, represented by goodwill or other intangible assets

(d) the amount by which the taxable paid-up capital of the corporation for the fiscal year was, in the opinion of the Minister, artificially increased for that fiscal year.

Special Rules Re Commencement of Deduction

(7) For the purposes of this section, the following rules apply,

(a) where a corporation did not have a fiscal year ending prior to the 9th day of April, 1974, the deduction permitted under this section shall commence with the fiscal year immediately following the first fiscal year of the corporation that is not less than twelve months throughout which it carried on an active business in Canada;

(b) where the fiscal year of a corporation ending on or after the 31st day of March, 1973 is less than twelve months, or where a corporation did not carry on an active business in Canada throughout its fiscal year that included the 31st day of March, 1973, the deduction permitted under this section shall commence with the fiscal year immediately following the fiscal year of the corporation ending on or after the 31st day of March, 1973 that is not less than twelve months throughout which it carried on an active business in Canada.

ONTARIO (continued)

THE ONTARIO TRANSPORTATION DEVELOPMENT CORPORATION ACT

Interpretation

Sec. 1. In this Act,

(e) "resident Canadian" has the same meaning as in ~~THE~~ BUSINESS CORPORATIONS ACT:

Board of Directors

Sec. 7. A majority of the members of the Board shall at all times be resident Canadians.

General

Sec. 14. (1) In this section, "non-resident" means any person other than a resident Canadian, a corporation controlled by resident Canadians, Her Majesty in right of Canada, Ontario or any other province of Canada or an agent or nominee of Her Majesty.

(2) The total number of equity shares of the Corporation beneficially owned, directly or indirectly, by non-residents or over which non-residents exercise control or direction shall not at any time exceed 10 per cent of the total number of issued and outstanding equity shares of the Corporation.

(3) The total number of equity shares of the Corporation beneficially owned, directly or indirectly, by any person or over which he exercises control or direction shall not at any time exceed 5 per cent of the total number of issued and outstanding equity shares of the Corporation.

ONTARIO (continued)

AN ACT TO PROVIDE FOR THE REGISTRATION OF BUSINESSES ENGAGED IN
THE DISTRIBUTION OF PAPERBACK AND PERIODICAL PUBLICATIONS

Interpretation

- (g) "non-resident" means,
- (i) an individual who is not a Canadian citizen,
 - (ii) an individual who is not ordinarily resident in Canada,
 - (iii) a corporation incorporated, formed or otherwise organized elsewhere than in Canada,
 - (iv) a corporation that is controlled directly or indirectly by non-residents as defined in subclause i, ii or iii,
 - (v) a trust established by a non-resident as defined in subclause i, ii, iii or iv, or a trust in which non-residents as so defined have more than 50 per cent of the beneficial interest, or
 - (vi) a corporation that is controlled directly or indirectly by a trust mentioned in subclause v;
- (1) "resident" means a person, company or trust that is not a non-resident;

Residency requirements for individual

Sec. 8. (1) Subject to subsection 2, no person who is not a corporation shall carry on business in Ontario as a distributor unless,

- (a) he is a resident; or
- (b) in the case of a partnership or an association, syndicate or organization of individuals, every member thereof is a resident.

(2) A person who is not a corporation and who was carrying on business as a distributor immediately before the 14th day of June, 1971 and who on that day is in contravention of subsection 1 may continue to carry on business, subject to section 4, if,

- (a) in the case of an individual, his interest or any part thereof is not transferred to or for the benefit of a non-resident; or
- (b) in the case of a partnership or an association, syndicate or organization of individuals, no person who is a non-resident is admitted as a member thereof.

Residency requirements re corporations

Sec. 9. (1) No corporation shall carry on business in Ontario as a distributor if,

- (a) the total number of equity shares of the corporation beneficially owned, directly or indirectly, by non-residents or over which non-residents exercise control or direction exceeds 25 per cent of the total number of issued and outstanding equity shares of the corporation;

ONTARIO (continued)

- (b) the total number of equity shares of the corporation beneficially owned, directly or indirectly, by a non-resident or over which he exercises control or direction, together with other shareholders associated with him, if any, exceeds 10 per cent of the total number of issued and outstanding equity shares of the corporation; or
- (c) the corporation is not incorporated by or under an Act of Ontario, Canada or any province of Canada.

(2) A corporation that was carrying on business as a distributor immediately before the 14th day of June, 1971 and that on that day is in contravention of subsection 1 may continue to carry on business, subject to section 4,

- (a) in the case of a contravention of clause a or b of subsection 1, if no transfer of equity shares or beneficial interest therein including their control or direction is made to a non-resident or person associated with him excepting when the result would be in compliance with clauses a and b of subsection 1; or
- (b) in the case of a contravention of clause c of subsection 1, until the 14th day of June, 1972, but a corporation incorporated after this Act comes into force and before the 14th day of June, 1972 by or under an Act of Ontario, Canada or a province of Canada may, notwithstanding clauses a and b of subsection 1, be registered in the place of the first mentioned corporation if the equity shares of the new corporation or beneficial interest therein, including their control or direction, held by non-residents are held directly or indirectly in the same manner as the equity shares of the first mentioned corporation, but where the new corporation is in contravention of clause a or b of subsection 1, clause a of this subsection applies.

Associated shareholder

(3) For the purposes of this section, a shareholder shall be deemed to be associated with another shareholder if,

- (a) one shareholder is a corporation of which the other shareholder is an officer or director;
- (b) one shareholder is a partnership of which the other shareholder is a partner;
- (c) one shareholder is a company that is controlled, directly or indirectly, by the other shareholder;
- (d) both shareholders are corporations and one shareholder is controlled, directly or indirectly, by the same individual or corporation that controls, directly or indirectly, the other shareholder;
- (e) both shareholders are members of a voting trust where the trust relates to shares of a corporation; or
- (f) both shareholders are associated within the meaning of clauses a to c with the same shareholder.

Shares held jointly

(4) For the purposes of this section, where an equity share of a corporation is held jointly and one or more of the joint holders thereof is a non-resident, the share shall be deemed to be held by a non-resident.

ONTARIO (continued)

THE LAND TRANSFER TAX ACT

Definitions

Sec. 1. (1) In this Act,

- (f) "non-resident corporation" means a corporation incorporated, formed or otherwise organized in Canada or elsewhere,
 - (i) that has allotted and issued shares to which are attached 50 per cent or more of the voting rights ordinarily exercisable at meetings of the shareholders of the corporation and that are owned by one or more non-resident persons, but this subclause does not apply where it is established to the satisfaction of the Minister that such one or more non-resident persons do not in fact directly or indirectly exercise control over the corporation and that subclause v does not apply to the corporation,
 - (ii) that has allotted and issued shares to which are attached 25 per cent or more of the voting rights ordinarily exercisable at meetings of the shareholders of the corporation and that are owned by any one non-resident person, but this subclause does not apply where it is established to the satisfaction of the Minister that such non-resident person does not in fact directly or indirectly exercise control over the corporation and that subclause v does not apply to the corporation.
 - (iii) one-half or more of the directors of which, or of the persons occupying the position of director by whatever name called, are individuals who are non-resident persons,
 - (iv) without share capital and one-half or more of the members of which are non-resident persons, or
 - (v) that is controlled directly or indirectly by one or more non-resident persons, including a non-resident corporation within the definition contained in the provisions of this clause other than this subclause;
- (g) "non-resident person" means,
 - (i) an individual who is not ordinarily resident in Canada or who, if ordinarily resident in Canada, is neither a Canadian citizen nor an individual who has been lawfully admitted to Canada for permanent residence in Canada.
 - (ii) a partnership, syndicate, association or other organization of whatsoever kind of which one-half or more of the members are non-resident persons within the meaning of subclause i, iii or iv or in which interests representing in value 50 per cent or more of the total value of the property of such

ONTARIO (Continued)

THE LAND TRANSFER TAX ACT (Continued)

partnership, syndicate, association or other organization, are beneficially owned by non-resident persons within the meaning of sub-clause i, iii or iv,

(iii) a trust in which non-resident persons within the meaning of subclause i, ii or iv have 50 per cent or more of the beneficial interests in the corpus of the trust or in the income arising therefrom, and "trust" includes the trustees under such a trust in their capacity as the trustees thereof, or

(iv) a non-resident corporation

Control defined

Sec. 1. (2) For the purpose of clause f of subsection 1 "control" means control by another corporation, individual or trust that is in fact exercising effective control either directly or indirectly and either through the holding of shares of the corporation or of any other corporation or through the holding of a significant portion of any class of shares of the corporation or of the outstanding debt of the corporation or of any shareholder or member of the corporation, or by any other means whether of a like or different nature.

Ordinarily Resident Defined

(3) For the purpose of clause g of subsection 1, an individual shall be considered to be ordinarily resident in Canada if, at the time the expression is being applied,

- (b) he has sojourned in Canada during the next preceding 24 months for a period of, or periods the aggregate of which is 366 days or more;
- (c) he is a member of the Canadian Forces required to reside outside Canada;
- (d) he is an ambassador, minister, high commissioner, officer or servant of Canada, or is an agent-general, officer or servant of a province of Canada, and resided in Canada immediately prior to appointment or employment by Canada or a province of Canada or is entitled to receive representation allowances;
- (e) he is performing services in a country other than Canada under an international development assistance program of the Government of Canada that is prescribed for the purposes of paragraph d of subsection 1 of section 250 of the INCOME TAX ACT (Canada), and resided in Canada at any time in the three month period preceding the day on which such services commenced: or
- (f) he resides outside Canada and is the spouse or child of, and is living with, an individual described in clause c, d or e.

ONTARIO (continued)

Imposition of Tax

Sec. 2. (1) Every person who tenders for registration in Ontario a conveyance whereby any land is conveyed to or in trust for any transferee who is not a non-resident person shall, before the conveyance is registered, pay a tax computed at the rate of three-tenths of 1 per cent of the value of the consideration for the conveyance up to and including \$35,000, and at the rate of six-tenths of 1 per cent upon the remainder of the value of the consideration.

(2) Every person who tenders for registration in Ontario a conveyance whereby any land is conveyed to or in trust for any transferee who is a non-resident person shall, before the conveyance is registered pay a tax computed at the rate of 20 per cent of the value of the consideration for the conveyance.

Refund

Sec. 8. (2) Where a conveyance has been tendered for registration that conveys land both to non-resident persons and to persons who are not non-resident persons, the Minister may refund to the persons who are not non-resident persons an amount to the difference between,

- (a) the amount that would result from the application of the rates of tax in subsection 1 of section 2 of the value of the consideration attributable in the opinion of the Minister to the land conveyed to persons who are not non-resident persons; and
- (b) the amount of tax paid on the value of the consideration attributable in the opinion of the Minister to land conveyed to persons who are not non-resident persons.

but no refund under this subsection shall be made if the land is held in joint tenancy by the non-resident persons and the persons who are not non-resident persons or if the Minister is of the opinion that the land conveyed to persons who are not non-resident persons cannot readily be distinguished from the land conveyed to non-resident persons.

Deferral or remission of tax to non-residents

Sec. 16. Where tax has been paid or may be payable on the registration of a conveyance of land to a non-resident person and that non-resident person satisfies the Minister that the land was or is to be acquired

- (a) for the purpose of the development and resale of land for residential, commercial or industrial purposes;
- (b) for the purpose of establishing, expanding or relocating any active commercial or industrial business that is or will be carried on by the non-resident person who shall undertake to obtain, within such time as is agreed upon with the Minister, any zoning changes necessary to permit the land to be used as proposed and to complete, within such time as is agreed upon with the Minister, the establishment, expansion or relocation for which the land was or is to be acquired;
- (c) by a non-resident person who is a Canadian citizen and who undertakes to the Minister to cease to be a non-resident person within five years from the date of the grant of a deferral or remission under this subsection with respect to the acquisition of the land;
- (d) by a non-resident person who is an individual other than a Canadian citizen and who undertakes to the Minister to cease to be a non-resident person within two years from the date of the grant of a

ONTARIO (continued)

deferral or remission under this subsection with respect to the acquisition of the land;

- (e) by a non-resident corporation that is a non-resident person because of the ownership of shares in that corporation, whether directly or indirectly, by a non-resident person described in clause c who undertakes to the Minister that the corporation will cease to be a non-resident person within five years from the date of the grant of a deferral or remission under this subsection with respect to the acquisition of the land;
- (f) by a non-resident corporation that is a non-resident person because of the ownership of shares in that corporation, whether directly or indirectly, by a non-resident person described in clause d who undertakes to the Minister that the corporation will cease to be a non-resident person within two years from the date of the grant of a deferral or remission under this subsection with respect to the acquisition of the land; or
- (g) by a non-resident corporation that undertakes to the Minister to cease to be a non-resident corporation within five years from the date of the grant of the deferral or remission under this subsection with respect to the acquisition of the land,

the Minister may, with the approval of the Lieutenant Governor in Council, defer the payment of the tax, or remit the tax paid, on such conditions as to the use and development of the land or otherwise as are considered advisable and sufficient to ensure the development of the land as proposed or compliance with any undertakings given by the non-resident person acquiring the land, and any tax deferred or remitted under this subsection constitutes a first lien and charge in favour of Her Majesty in right of Ontario on the land so acquired or to be acquired, and the lien and charge shall be effective upon registration by the Minister of a notice thereof, and the Minister may discharge the lien and charge in whole or in part as the conditions that he has imposed or the undertakings that have been given to him are fulfilled or complied with, and may, where he considers it necessary and advisable to enable the performance of any condition or undertaking, postpone, release or waive the lien and charge with respect to all or any part of any land affected by the lien and charge.

(2) A deferral or remission under subsection 1 may not exceed the amount by which the rate of tax imposed by subsection 2 of section 2 exceeds the rate of tax imposed by subsection 1 of section 2 but may otherwise be for all or any part of the tax.

Deferred tax cancelled

(3) Where tax is deferred under subsection 1 upon conditions that are fulfilled, the amount of the tax so deferred is thereupon cancelled and no longer owing as tax under this Act, and where the conditions upon which any tax has been remitted under subsection 1 are not fulfilled, the tax so remitted thereupon becomes payable.

Reduction of tax in certain cases

(4) Upon the tender for registration of a conveyance that is described in any of clauses a to e and that is made to a non-resident person the tax imposed by subsection 2 of section 2 shall notwithstanding any other provision of this Act be reduced to an amount equal to the tax that would result if only the rates of tax mentioned in subsection 1 of section 2 were applicable,

- (a) the tender for registration of a conveyance to which is attached an affidavit made by the transferee named in the conveyance and stating,

(i) that he has been lawfully admitted to Canada

ONTARIO (continued)

and is lawfully in Canada as an immigrant admitted under the Immigration Act (Canada) for permanent residence in Canada, or that he is lawfully in Canada for the purpose of engaging in a trade, profession, calling, occupation or employment that he is authorized to engage in in Canada, and the nature of that trade, profession, calling, occupation or employment.

- (ii) that the land being conveyed to him is being acquired by him for the purpose of enabling him to establish thereon his principal residence in Canada, and will not be used as the residence of persons other than the transferee or members of his family or members of his usual domestic establishment,
 - (iii) the number and expiration date of the employment visa, if any, issued to him pursuant to the Immigration Act (Canada) or regulations made thereunder and the length of time during which he intends to engage in the trade, profession, calling, occupation or employment for which he was admitted into Canada, and
 - (iv) that he is not in Canada as a tourist or visitor or for the purpose of passing through Canada to another country, or as a student admitted to Canada under the provisions of paragraph f of subsection 1 of section 7 of the Immigration Act (Canada);
- (b) the tender for registration of a conveyance to which is attached an affidavit made by the transferee named in the conveyance and stating,
- (i) that the transferee is a Canadian citizen, and
 - (ii) that the land being conveyed to him is being acquired by him for the purpose of enabling him to establish thereon a place of residence or recreation to be his principal residence or principal recreational property upon his return to Canada to take up permanent residence in Canada;
- (c) the tender for registration of a conveyance to which is attached an affidavit made by the transferee named in the conveyance, or where such transferee is a corporation, by an authorized officer of that corporation, stating,
- (i) that the transferee, on and after the 9th day of April, 1974, has continuously occupied premises in Canada where the transferee carried on an active commercial or industrial business that is not principally,
 - (A) the rental of land or premises for possession or occupancy for a period of one month or more,
 - (B) the acquisition of land,
 - (C) the sale of land owned by the seller,
 - (D) the holding of land, or
 - (E) the development of land,

ONTARIO (continued)

- (ii) the nature of such business so carried on by the transferee, and the principal location in Canada from which such business is carried on, and
 - (iii) that the land being conveyed to the transferee is being acquired for the purpose of enabling the transferee to acquire the freehold of only the leased premises on which such business is being carried on and not of other premises, or is being acquired for the purpose of expanding or relocating the operations of such business where such expansion or relocation is not prevented by any zoning restrictions affecting the land conveyed;
- (d) the tender for registration of a conveyance to which is attached an affidavit made by the transferee named in the conveyance, or where such transferee is a corporation by an authorized officer of that corporation and stating that the land being conveyed to him is being acquired by him as part of his normal business practice and either,
- (i) for the principal purpose of selling the land to an employee of the transferee or to such employee and his spouse as the residence of that employee and members of his family or members of his usual domestic establishment, or
 - (ii) for the principal purpose of making the land available for the exclusive use of his employees and members of their families or members of their usual domestic establishments as a place of residence; or
- (e) the tender for registration of a conveyance to which is attached an affidavit made by the transferee named in the conveyance, or where such transferee is a corporation by an authorized officer of that corporation stating,
- (i) that the land being conveyed to him is being acquired by him as the result of a final order of foreclosure under a mortgage or charge affecting the land or is being acquired in any other manner for the sole purpose of satisfying the obligations of the transferor to the transferee under a mortgage or charge affecting the land,
 - (ii) that the land being conveyed to him is being acquired by him only for the purpose of safeguarding or giving effect to rights or interests of the transferee as mortgagee or chargee and in respect of an outstanding loan that was owed by the transferor to the transferee and that is in default,
 - (iii) that the transferee is dealing in all respects with the transferor as though the parties were strangers, and
 - (iv) that the conveyance was not arranged with the intention of defeating the incidence of tax imposed by this Act.

ONTARIO (continued)

REGULATIONS MADE UNDER
THE LAND TRANSFER TAX ACT, 1974

EXEMPTION FOR
INTER-CORPORATE TRANSFERS OF LAND

Definitions

Sec. 2. (1) In this section, "subsidiary wholly-owned corporation" means a corporation all of the issued share capital of which, except directors' qualifying shares, belongs to the corporation to which it is subsidiary.

Exemptions

(2) Subject to subsection 3, the Minister or any collector is authorized to exempt from that part of the tax payable under subsection 2 of section 2 of the Act that exceeds the amount of tax that would result if the rates under subsection 1 of the said section were applied, any person tendering for registration a conveyance to a non-resident corporation where,

(a) the transferee is,

- (i) a corporation of which the transferor is a subsidiary wholly-owned corporation,
- (ii) a subsidiary wholly-owned corporation of the transferor, or
- (iii) a subsidiary wholly-owned corporation of a corporation that is a subsidiary wholly-owned corporation of the transferor,

(b) the transferor is a subsidiary wholly-owned corporation of a subsidiary wholly-owned corporation of the transferor or

(c) both transferor and transferee are,

- (i) subsidiary wholly-owned corporations of the same corporation, or
- (ii) subsidiary wholly-owned corporations of a corporation or corporations that is or are subsidiary wholly-owned corporations of the same corporation.

ONTARIO (continued)

EXEMPTION FOR CERTAIN
INSURANCE COMPANIES

Sec. 1. Subject to sections 2 and 3 the Minister or any collector is authorized to exempt from that part of the tax payable under subsection 2 of section 2 of the Act that exceeds the amount of tax that would result if the rates under subsection 1 of the said section 2 were applied any person tendering for registration a conveyance to a non-resident person that is,

- (a) an insurance company licensed to carry on business in Ontario under The Insurance Act and registered to carry on business in Canada under either the Canadian and British Insurance Companies Act (Canada) or the Foreign Insurance Companies Act (Canada);
- (b) a corporation all of the issued share capital of which, except directors' qualifying shares, is beneficially owned by a life insurance company that is a non-resident person described in clause a; or
- (c) a non-resident person solely because of the membership of a company described in clause a or b in an association of persons, partnership or syndicate that is the transferee to whom a conveyance is made or solely because of the ownership of shares by a company described in clause a or b of a corporation that is the transferee to whom a conveyance is made.

Sec. 2. The exemption authorized by section 1 shall be given only when a certification is made certifying that the transferee named in the conveyance meets one of the following conditions;

- (a) where the transferee is an insurance company or a trustee thereof other than an insurance company incorporated by Canada or a province of Canada, the transferee must certify that,
 - (i) in the case of a company that has made the election provided for in subsection 9 of section 138 of the Income Tax Act (Canada), all of its gross investment revenue from the land to which the conveyance relates will be included in computing the income of the company under that Act, or
 - (ii) in the case of a company that has not made the election provided for in subsection 9 of section 138 of the Income Tax Act (Canada), the land to which the conveyance relates will be vested in trust under the provisions of the Canadian and British Insurance Companies Act (Canada) or the Foreign Insurance Companies Act (Canada);
- (b) where the transferee is an insurance company incorporated by Canada or a province of Canada, the transferee must certify that the land to which the conveyance relates will not form part of the company's "assets out of Canada" required to be reported by it under

ONTARIO (continued)

the Canadian and British Insurance Companies Act (Canada) in its annual statement to the Superintendent of Insurance (Canada);

- (c) where the transferee is a corporation all of the issued share capital of which, except directors' qualifying shares, is beneficially owned by a life insurance company that is a non-resident person described in clause a of section 1, the life insurance company by which the shares of the transferee corporation are beneficially owned must certify that the land to which the conveyance relates will be treated by the transferee as an investment made and held for the benefit of the business carried on in Canada by the life insurance company; or
- (c) where the transferee is an association of persons, a partnership, syndicate or a corporation that is a non-resident person solely because of the membership in such association, partnership or syndicate, or solely because of the ownership of shares in such corporation, of or by one or more of the companies described in clause a or b of section 1, any such described company must certify that it has made reasonable inquiry and that to the best of its knowledge and belief the transferee would not, but for the membership or ownership of shares of one or more of the companies described in clause a or b of section 1, be a non-resident person within the meaning of the Act.

EXEMPTION FOR FOREIGN DIPLOMATS

Sec. 1. (1) Subject to subsection 2, the Minister or any collector is authorized to exempt from that part of the tax payable under subsection 2 of section 2 of the Act that exceeds the amount of tax that would result if the rates under subsection 1 of the said section 2 were applied, any person tendering for registration a conveyance to a non-resident person to whom the Retail Sales Tax Branch of the Ministry of Revenue has issued a "diplomatic status card" and who is acquiring the land to which the conveyance tendered for registration relates as his residence in Canada or as the residence in Canada of himself and his family.

Sec. 2. Where an exemption under subsection 1 is claimed, there shall be filed with the collector, at the time the conveyance referred to in subsection 1 is tendered for registration or with the Minister, as the case may be, an affidavit or statutory declaration of the transferee named in the conveyance stating,

- (a) the foreign state or country represented in Canada by the transferee;
- (b) that the transferee is the holder of a "diplomatic status card" issued by the Retail Sales Tax Branch of the Ministry of Revenue, and the identification number shown on the card; and
- (c) that the land described in the conveyance to which the affidavit relates is being acquired by the transferee named in that conveyance as his residence in Canada or as the residence in Canada of himself and his family.

ONTARIO (continued)

LAND SPECULATION TAX ACT

Definitions

Sec. 1. (1) In this Act,

(b) "designated land" means all land situate in Ontario and every right, estate, interest, tenement or hereditament existing at law or in equity in, over, to, or affecting land or capable of being registered in any land registry office in Ontario, fixtures, and buildings or structures attached to land, whether or not owned by persons other than the owner of the freehold of the land to which they are attached, but "designated land" does not include any land in Ontario that is, within the meaning of paragraph c of subsection 15 of section 66 of the INCOME TAX ACT (Canada), "Canadian resource property", or an interest held in land solely as security for some indebtedness secured by the land;

(c) "dispose", "disposed of", and expressions of like import when used with reference to designated land, mean a disposition which has or is deemed to have occurred with respect to designated land;

(d) "disposition" includes,

(vi) the sale or transfer in any manner of the beneficial interest in, or the allotment and issue of, shares to which are attached 50 percent or more of the voting rights ordinarily exercisable at meetings of the shareholders of the corporation and that are shares in the capital stock of a corporation 50 per cent or more of the assets of which consist of designated land, or

(vii) the amalgamation, merger, consolidation or any other like arrangement of any two or more corporations, 50 per cent or more of the assets of any one of which consist of designated land, that has the effect of making control over the use of the designated land or the proceeds of its disposition or of a subsequent disposition exercisable in fact, and whether directly or indirectly, by a different person or group of persons,

but for greater certainty "disposition" does not include any transfer of property for the purpose only of securing a debt or a loan, or any transfer by a creditor for the purpose only of returning property that had been used as security for a debt or a loan, or any transfer of property by virtue of which there is a change in the legal ownership of the property without any change in the beneficial ownership thereof;

(o) "taxable value" when used in relation to designated land means the amount by which the proceeds of disposition of designated land exceed the adjusted value of that designated land at the time of its disposition, and the taxable value of designated land shall be computed separately for each disposition of designated land;

ONTARIO (continued)

(5) For the purpose of this Act, "control" means control by another corporation, individual or trust that is in fact exercising effective control either directly or indirectly and either through the holding of shares of the corporation or of any other corporation or through the holding of a significant portion of any class of shares of the corporation or of the outstanding debt of the corporation or of any shareholder or member of the corporation, or by any means whether of a like or different nature.

Tax on designated land

Sec. 2. (1) Subject to section 4, where, after the 9th day of April, 1974, any disposition of designated land occurs, there shall be imposed and levied, for the uses of Her Majesty in right of Ontario, upon the designated land with respect to which such disposition occurs a tax computed at the rate of 20 per cent of the taxable value of designated land with respect to which such disposition occurs.

(2) Where there is a disposition within the meaning of subclause vi or vii of clause d of subsection 1 of section 1 of any designated land and the result of the disposition is that control of the corporation beneficially interested in the designated land is exercisable by a person or a group of persons different from those by whom control of the corporation was exercisable before the disposition, there shall be imposed and levied, for the uses of Her Majesty in right of Ontario, upon the designated land a tax, in addition to the tax imposed by subsection 1, calculated on the proceeds of disposition and computed at the rate of 20 per cent of the proceeds of disposition where the corporation beneficially interested in the designated land is, immediately after the disposition has occurred, a non-resident corporation as defined in THE LAND TRANSFER TAX ACT, 1974.

Exemptions

Sec. 4. No designated land is liable to the tax imposed by subsection 1 of section 2,

(f) when the designated land disposed of is not designated land described in clause e or is not immediately contiguous thereto, and is used by the transferor or by members of his family for his or their personal recreation and enjoyment and is his principal recreational property, but this clause does not apply to any part of such designated land so disposed of in excess of twenty acres or where the disposition is to a non-resident person as defined in THE LAND TRANSFER TAX ACT, 1974;

Source: "Public Lands Act, Revised Regulations of Ontario 1970 - 71,
O. Reg. 246/71.

"Insurance Act", Revised Regulations of Ontario 1970, Vol. 3
Regulation 539.

"Loan and Trust Corporations Act", Revised Statutes of Ontario 1970,
Vol. 111, Chapter 254.

"Securities Act, Revised Statutes of Ontario 1970, Vol. V. Chapter 426.

"Securities Act", Revised Regulations of Ontario 1970-71,
O. Reg. 296/71, 337/71.

"Business Corporations Amendment Act", Statutes of Ontario 1972,
Chapter 138.

"An Act to Amend the Corporations Tax Act, 1972", Bill 82, 4th Session,
29 Legislature, Ontario 1974.

"Ontario Transportation Development Corporation Act", Statutes of
Ontario, 1973, Chapter 66.

"An Act to Provide for the Registration of Businesses engaged in the
Distribution of Paperback and Periodical Publications",
Statutes of Ontario, 1971, Chapter 82.

"Land Transfer Tax Act", Statutes of Ontario 1974, Chapter 8.

"Land Transfer Tax Act", Ontario Gazette, 20 July, 1974, O. Reg.
504/74; 26 October 1974, O. Reg. 773/74; 2 November 1974, O. Reg.
788/74.

"Land Speculation Tax Act," Statutes of Ontario 1974, Chapter 17.

"Land Speculation Tax Amendment Act, 1974" Bill 168, 4th Session, 29
Legislature, Ontario, 1974.

MANITOBA

SECURITIES ACT

Residence of individual applicant

Sec. 14. (1) The director may refuse registration to an individual who has not been a resident of Canada for at least one year immediately prior to the date of application for registration and who is not a resident of the province at the date of such application unless at the time of such application the individual is registered in a capacity corresponding to that of a broker, investment dealer, underwriter, broker-dealer, sub-broker-dealer, security issuer, investment counsel, securities adviser or salesman under the securities laws of the jurisdiction in Canada in which he last resided, and has been so registered for a period of not less than one year immediately preceding the date of the application and is, in the opinion of the director, otherwise suitable for registration.

Residence of directors of companies, etc.

(2) The director may refuse registration to a company or a person other than an individual if every officer and director or every partner that is an individual has not been a resident of Canada for at least one year immediately prior to the date of application for registration, and if he is not a resident of the province at the date of such application, unless at the time of such application he is registered in a capacity corresponding to that of a broker, investment dealer, underwriter, broker-dealer, sub-broker-dealer, security issuer, investment counsel, securities adviser or salesman under the securities laws of the jurisdiction in Canada in which he last resided, and has been so registered for a period of not less than one year immediately preceding the date of the application and is, in the opinion of the director, otherwise suitable for registration.

AN ACT TO AMEND THE COMPANIES ACT

Application

Sec. 242. Notwithstanding any other Act of the Legislature, this Part applies to every trust company and to every loan company heretofore or hereafter incorporated by or under any public or private Act of the Legislature and, except as specifically otherwise provided, this Part does not apply to an extra-provincial trust company or to an extra-provincial loan company.

Definitions

Sec. 253.1 (1) In this section, and in sections 253.2 to 253.5,

- (a) "company" includes an association, partnership or other organization;
- (b) "entered" or "entry" means entered or entry, as the case may be, in the registers required to be maintained under sections 52 and 191;
- (c) "non-resident" means
 - (i) an individual who is not ordinarily resident in Canada,
 - (ii) a company incorporated, formed or otherwise organized elsewhere than in Canada,

MANITOBA (continued)

- (iii) a company that is controlled directly or indirectly by non-residents as defined in sub-clause (i) or (ii),
 - (iv) a trust established by a non-resident as defined in sub-clause (i), (ii) or (iii), or a trust in which non-residents as defined in those sub-clauses have more than fifty per cent of the beneficial interest, or
 - (v) a company that is controlled, directly or indirectly, by a trust as defined in sub-clause (iv);
- (d) "resident" means an individual, company or trust that is not a non-resident.

Associated Shareholders

- (2) For the purpose of sections 253.2 to 253.5, a shareholder is deemed to be associated with another shareholder if
- (a) one shareholder is a company of which the other shareholder is an officer or director;
 - (b) one shareholder is a partnership of which the other shareholder is a partner;
 - (c) one shareholder is a company that is controlled, directly or indirectly, by the other shareholder;
 - (d) both shareholders are companies and one shareholder is controlled, directly or indirectly, by the same individual or company that controls, directly or indirectly, the other shareholder;
 - (e) both shareholders are members of a voting trust where the trust relates to shares of a corporation; or
 - (f) both shareholders are associated within the meaning of clauses (a) to (e) with the same shareholder.

Shares held jointly

- (3) For the purposes of sections 253.2 to 253.5, where a share of the capital of a corporation is held jointly and one or more of the joint holders is a non-resident, the share shall be deemed to be held by a non-resident.

Limit on shares held by non-residents

- Sec. 253.2 (1) The directors of a corporation shall refuse to permit the entry of a transfer of any share of the capital of the corporation to a non-resident
- (a) if, when the total number of shares of the capital of the corporation held by non-residents exceeds twenty-five per cent of the total number of issued and outstanding shares of the corporation, that entry would increase the percentage of shares held by non-residents;
 - (b) if, when the total number of shares of the capital of the corporation held by non-residents is twenty-five per cent or less of the total number of issued and outstanding shares of the corporation, that entry would cause the total number of shares held by non-residents to exceed twenty-five per cent of the total number of issued and outstanding shares of the corporation;
 - (c) if, when the total number of shares of the capital of the corporation held by the non-resident and by other shareholders associated with him, if any, exceeds ten per cent of the total number of issued and outstanding shares of the corporation, that entry would increase the percentage of shares held by the non-

MANITOBA (continued)

resident and by the other shareholders associated with him, if any; or

- (d) if, when the total number of shares of the capital of the corporation held by the non-resident and by other shareholders associated with him, if any, is ten per cent or less of the total number of issued and outstanding shares of the corporation, that entry would cause the number of shares held by the non-resident and by the other shareholders associated with him, if any, to exceed ten per cent of the issued and outstanding shares of the corporation.

Exception

(2) Notwithstanding subsection (1), the directors of a corporation may permit the entry of a transfer of any share of the capital of the corporation to a non-resident when it is shown to the directors on evidence satisfactory to them that the share was immediately prior to the coming into force of this section, held in the right of or for the use or benefit of the non-resident.

Allotment to non-resident

(3) The directors of a corporation shall not allot, or permit the allotment of any shares of the capital of the corporation to a non-resident in circumstances where, if the allotment were a transfer, the entry thereof would be required under subsection (1) to be refused by the directors.

Penalty

(4) Default in complying with this section does not affect the validity of a transfer or allotment of a share of the capital of the corporation that has been entered, but every director or officer who knowingly authorizes or permits the default is guilty of an offence and is liable, on summary conviction, to a fine of not more than five thousand dollars, or to imprisonment for a term of not more than one year, or both.

Voting by non-residents

Sec. 253.3 (1) A non-resident shall not exercise the voting rights attached to shares of a corporation unless he is entered as a shareholder in respect of the shares.

Voting rights of nominees suspended

(2) Where a resident holds shares of the capital of a corporation in the right of, or for the use or benefit of a non-resident and in respect of which the non-resident is not entered as the holder, the resident shall not, either in person or by proxy or by voting trust, exercise the voting rights pertaining to those shares.

Change of status while entered

(3) Where a resident becomes a non-resident while entered as a shareholder, and the number of shares entered as owned by that shareholder, together with those entered as owned by other non-residents, exceed the limit set out in section 253.2, the shareholder shall not exercise, directly, by proxy or by a voting trust, any voting rights in respect of the shares that exceed that limit.

Voting rights where associated shareholders

(4) Notwithstanding subsections (1), (2) and (3), where any shares of the capital of a corporation are held in the name of or for the use or benefit of a non-resident, other than shares in respect of which the non-resident was entered before this section comes into force or is entered under subsection (2) of section 253.2, no person shall, either directly or as proxy or by a voting trust, exercise the voting rights pertaining to those shares, if the total thereof together with any shares held in the name or right of or for the use or benefit of

MANITOBA (continued)

- (a) any shareholders associated with the non-resident; or
- (b) any person who would, under subsection (2) of section 253.1, be deemed to be associated with the non-resident were such person and the non-resident themselves shareholders,

exceed in number ten per cent of the issued and outstanding shares of the corporation.

Penalty

(5) Every person who knowingly contravenes this section is guilty of an offence and is liable, on summary conviction, to a fine of not more than five thousand dollars, or to imprisonment for a term of not more than one year, or both.

Effect of contravention

(6) If any provision of this section is contravened at a general meeting of the corporation, no proceeding matter or thing at that meeting is void by reason only of the contravention, but is voidable at the option of the shareholders by a resolution passed at a special general meeting of the corporation at any time within one year from the day of commencement of the general meeting at which the contravention occurred.

By-laws

Sec. 253.4 (1) The directors of a corporation may make such by-laws as they consider necessary to carry out the intent of sections 253.1 to 253.3 and, in particular, but without restricting the generality of the foregoing, may make by-laws

- (a) requiring any person holding a share of the capital of the corporation to submit a written declaration as to
 - (i) the ownership of the share,
 - (ii) the place in which the shareholder and any person for whose use or benefit the share is held are ordinarily resident,
 - (iii) whether the shareholder is associated with any other shareholder, and
 - (iv) such other matters as the directors consider relevant for the purposes of those sections;
- (b) prescribing the time and manner of submission of the declaration; and
- (c) requiring any person desiring to have a transfer of a share to him entered, to submit the same declaration as may be required under this section in the case of a shareholder.

Where declaration required

(2) Where, by or under any by-law made under subsection (1), a declaration is required to be submitted in respect of the transfer of a share, the directors may refuse to permit the entry of the transfer until the required declaration has been completed and submitted.

Penalty

(3) Any person who makes a wilfully false or deceptive statement in a declaration required by a by-law made under subsection (1) is guilty of an offence and is liable, on summary conviction, to a fine of not more than five thousand dollars, or to imprisonment for a term of not more than one year, or both.

MANITOBA (continued)

Liability of directors

Sec. 253.5 In determining, for the purposes of sections 253.1 to 253.4, whether a person is a resident or non-resident, by whom a corporation is controlled or any other circumstances relevant to the performance of their duties under those sections, the directors of the corporation may rely upon any statement made in a declaration submitted under section 253.4, or upon their own knowledge of the circumstances, and the directors are not liable in any action for anything done or omitted by them in good faith on the basis of that statement or knowledge.

Source: "Securities Act", Statutes of Manitoba 1971, Chapter 50.

"An Act to Amend the Companies Act", Statutes of Manitoba 1971, Chapter 64.

SASKATCHEWAN

TRUST COMPANIES ACT

Directors

Sec. 19. The majority of the directors of the company shall be British subjects and at all times resident in Saskatchewan. R.S.S. 1953, c. 125, s. 19.

THE AGRICULTURAL INCENTIVES ACT

Interpretation

Definitions

Sec. 2. In this Act:

(f) "farmer" means:

(i) an individual:

(A) who has declared his intention of making, or continuing to make, farming his principal occupation during the term of a loan to him in respect of which the corporation is required to make a payment under section 14 or during the period in respect of which a grant under this Act is made to him; and

(F) who is a Canadian citizen or has landed in Canada and resides in Saskatchewan with an intention of residing permanently in the province;

(ii) a co-operative farm association or farming partnership each member of which, or a farming corporation each shareholder of which, has declared his intention of being principally occupied, or continuing to be principally occupied, in the farming operations of the association, corporation or partnership, as the case may be, during the term of a loan made to the association, corporation or partnership under section 10 or during the term of a loan to the association, corporation or partnership in respect of which Farm-Start is required to make a payment under section 14 and who meets the qualifications of paragraphs (C) to (F) of subclause (i);

Purpose

Sec. 3. The purposes of this Act are to assist in the establishment and development of profitable farming operations in the province and to stimulate the expansion of the live-stock industry in the province by providing financial assistance to farmers to assist them in diversifying their farming operations.

SASKATCHEWAN (continued)

THE SASKATCHEWAN FARM OWNERSHIP ACT

Definitions

Sec. 2. In this Act:

(b) "agricultural corporation" means a corporation:

(i) which is primarily engaged in the business of farming;

(ii) of which not less than sixty percent of all issued voting shares are legally and beneficially owned by farmers who are resident persons; and

(iii) of which not less than sixty per cent of all issued shares are legally and beneficially owned by farmers who are resident persons;

(g) "non-agricultural corporation" means a corporation which does not meet all of the requirements of clause (b);

(h) "non-resident person" means a person who does not meet the requirements of clause (i);

(i) "resident person" means:

(i) an individual who resides in Saskatchewan for one hundred and eighty three days or more a year; or

(ii) an individual:

A. who resides for one hundred and eighty-three days or more a year outside Saskatchewan but within twenty miles of the border of Saskatchewan; and

B. whose chief occupation is farming;

Land holdings by non-residents restricted

Sec. 7. Subject to sections 8, 9, 10 and 13, no non-resident person shall:

(a) have an aggregate land holding with an assessed value for municipal taxation purposes in excess of \$15,000, excluding any assessment for buildings and similar improvements; or

(b) acquire a land holding which results in the non-resident person having an aggregate land holding with an assessed value for municipal taxation purposes in excess of \$15,000, excluding any assessment for buildings and similar improvements.

SASKATCHEWAN (Continued)

Restrictions not applicable to land acquired prior to March 1974 or to land acquired while a resident

Sec. 8. Clause (a) of section 7 shall not apply:

(a) where the land holding was acquired by the non-resident person prior to the 31st day of March, 1974;

(b) where the land holding was acquired by the non-resident person on or after the 31st day of March, 1974, but the right to the land holding arose prior to that date; or

(c) where the land holding was acquired by an individual while that individual was a resident person.

Special exemptions for acquisition by inheritance

Sec. 9. A non-resident person who acquires a land holding by devise or by operation of THE INTESTATE SUCCESSION ACT which results in the non-resident person having an aggregate land holding in excess of that permitted under section 7, shall have five years from the date of his acquisition of the land holding, to reduce his aggregate land holding to an aggregate land holding permitted under section 7.

Special exemptions for relatives of one-time farmers

- Sec. 10. (1) Notwithstanding section 9, and subject to subsection (3), section 7 does not apply to a land holding transferred to a spouse or to a son, daughter, grandson, granddaughter, brother, sister, nephew, niece, or spouse thereof, if the transferor was a resident person for, and while so resident farmed the land holding during, any five years before the date of such transfer.
- (2) For the purpose of the subsection (1), in the case of a devise, or in the case of a succession under THE INTESTATE SUCCESSION ACT, the deceased shall be deemed to be the transferor.
- (3) Where a non-resident person acquires a land holding pursuant to this section, for the purposes of clause (b) of section 7, such land holding shall be included in his aggregate land holding and thereby reduce the land holding that he is permitted to acquire under **clause** (b) of section 7.

Special exemption for acquisition of land by creditors

- Sec. 13. (1) A non-resident person or a non-agricultural corporation may acquire a land holding by the realization, quit claim, settlement or otherwise of his or its security which results in the non-resident person or the non-agricultural corporation having a land holding in excess of that permitted under section 7 or section 11, as the case may be; but after a period of two years from the date of acquisition of the land holding, such land holding shall be included in his or its aggregate land holding for the purposes of section 7 or section 11, as the case requires.
- (2) The board may extend the two year time period mentioned in subsection (1) subject to such terms and conditions as it considers advisable.

SASKATCHEWAN (continued)

Special exemption for potential residents

Sec. 15. (1) Notwithstanding section 7, a non-resident person who intends to become a resident person within three years may apply for and the board may in writing grant exemption from the provisions of section 7 and such exemption shall be subject to the applicant becoming a resident person within three years from the granting of the exemption.

(2) Where a non-resident person, who has been granted an exemption under subsection (1), fails to qualify as a resident person within the three-year period, the exemption shall terminate forthwith.

Enforcement

Sec. 17. (1) A non-resident person or a non-agricultural corporation having a land holding in contravention of this Act shall forthwith reduce his or its aggregate land holding to an aggregate land holding permitted under the Act.

(2) The board may issue an order to a non-resident person or a non-agricultural corporation having a land holding on contravention of this Act, requiring the non-resident person or the non-agricultural corporation to reduce his or its aggregate land holding to an aggregate land holding permitted under the Act.

(3) The order referred to in subsection (2) shall be in writing and may be served personally or by registered mail addressed to the non-resident person or non-agricultural corporation to be served.

(4) Where a non-resident or a non-agricultural corporation fails to comply with an order of the board under subsection (2) within six months from the date on which the order is served, the board may apply to a judge of the Court of Queen's Bench who shall enforce compliance with this Act and may make one or more of the following orders:

(a) an order declaring null and void any instrument or document by which a land holding is or may be acquired in contravention of this Act;

(b) an order for the sale of the land holding held in contravention of this Act and the distribution of the proceeds from the sale to such persons as may be entitled thereto;

(c) an order directing the registrar of land titles to cancel a Certificate of Title of a non-resident person or non-agricultural corporation and to issue a new Certificate of Title and duplicate thereof in the name of such persons as may be entitled thereto;

(d) an order to return any consideration given under an instrument or a document made in contravention of this Act;

SASKATCHEWAN (continued)

- (e) an order for possession of the land holding to be given to such persons as may be entitled thereto;
- (f) an order respecting costs;
- (g) such other order as may be necessary to give effect to the provisions of this Act or as to him seems just.

Serving of Orders

- Sec. 18. (1) An order served by registered mail under section 17 shall be deemed to be served two clear days after the date of the receipt of the postmaster for the envelope containing the order.
- (2) Where the address of the non-resident person or non-agricultural corporation to be served with an order under section 17 is unknown, or the board is for any reason unable to effect prompt service of the order, the board may upon application made EX PARTE to a judge of the Court of Queen's Bench request an order for substituted service or for the substitution for service by advertisement or otherwise as from the information available is most likely to bring notice of the order to the non-resident person or non-agricultural corporation.

Source: "Trust Companies Act", Revised Statutes of Saskatchewan 1965, Chapter 132.

"Agricultural Incentives Act", Statutes of Saskatchewan 1973, Chapter 2.

Bill 79, "Saskatchewan Farm Ownership Act", 4th Session, Seventeenth Legislature, 1974, Saskatchewan.

ALBERTA

PUBLIC LANDS ACT

Applications for homestead sales - eligibility of applicant

Sec. 83. (1) Every person who

- (a) is a veteran or has resided in the Province for an aggregate total of one year within the three years prior to the date he applies for a homestead sale,
- (b) has attained the age of eighteen years and who has not attained the age of seventy-one years, and
- (c) is a Canadian citizen or a British subject or declares in his application his intention to become a Canadian citizen,

may apply for a homestead sale unless he is ineligible to do so by reason of subsection (2).

Grazing leases - proof by corporate lessee

Sec. 116. (1) Where any corporation is the holder of a grazing lease, the Minister at any time by notice in writing may require the lessee to furnish proof that at the time of the notice

- (a) it is incorporated under the laws of Canada or of Alberta, and
- (b) the majority of its shares are owned by residents of the Province for their exclusive use and benefit and not in the interests of or for the benefit of any other person,

and, if the Minister should so desire, to furnish proof that the de facto control of the lessee company is in the persons resident in the Province who own the major part of the shares of such company.

(2) If the lessee fails to comply with the notice or if the proof furnished by the lessee is not satisfactory to the Minister, the Minister may cancel the lease.

(1966, c. 80, s.116)

Change in corporate ownership

Sec. 117. (1) The Minister may require a corporation that holds a grazing lease to file a statement certified by an officer or director of the corporation showing the names, addresses and number of shares held by each of the shareholders at the time the grazing lease is issued or at any time during its term.

(2) Where a corporation holds a grazing lease and by the transfer of shares or by the allotment of new shares, or both, the majority of its shares at any time become vested in persons other than those persons who held the majority of its shares prior to such transfer or allotment, the Minister may

- (a) cancel the grazing lease if he considers it in the public interest to do so, or
- (b) require the corporation to pay a sum equivalent to the assignment fee that it would be required to pay by the regulations if the grazing lease had been assigned by it to another person.

(1966, c.80, s.117)

REGULATIONS MADE UNDER THE
PUBLIC LANDS ACT

Applications under the Public Lands Grazing Lease Regulations

3. (1) Everyone who

- (a) has attained the age of eighteen years, and

ALBERTA (continued)

(b) is a Canadian citizen, or

(c) is a corporation

may apply for a grazing lease or a renewal grazing lease by submitting an application to the Director on a form prescribed by him.

4. (1) If an applicant for a grazing lease is a corporation, the corporation shall submit with its application

(a) a copy of its certificate of incorporation or other evidence of its corporate status,

(b) a statement of an officer of the corporation showing the names, addresses and citizenship of the persons who hold shares allotted by the corporation and the number of shares allotted to each such person, and

(c) evidence showing that the corporation is registered under Part VIII of The Companies Act if it is incorporated under the laws of Canada or under the laws of any other jurisdiction outside the Province, or

(d) evidence showing that the corporation is incorporated under The Societies Act or The Co-operative Associations Act, together with a copy of its by-laws if it is a grazing association.

(2) No grazing lease shall be issued to a corporation unless the majority of its shares are

(a) owned by residents of the Province who are Canadian citizens, and

(b) for the exclusive use and benefit of the shareholders and not in the interests of or for the benefit of any other person.

Applications under the Agricultural Farm Sale Regulations

4. (1) Any person may apply to purchase public lands who

(a) has attained the age of eighteen years, but who has not attained the age of seventy-one years;

(b) in the Minister's opinion, is chiefly engaged in farming as an occupation;

(c) is a Canadian citizen or a British subject;

(d) for at least six months out of the twelve months immediately preceding his application, has resided in a dwelling located on a farm in Alberta consisting of not less than eighty acres or two adjoining legal subdivisions, which, in the opinion of the Minister, is within two miles of the land applied for;

Applications under the Forest Management Area Grazing Licence Regulations

6. (1) Only a Canadian citizen who has attained the age of eighteen years is eligible to obtain a licence.

(2) A corporation or a registered association is eligible to obtain a licence if the majority of shares are held by residents of the Province who are Canadian citizens.

Applications under the Cultivation Lease and Permit Regulations

7. Every person who,

(a) has attained the age of eighteen years,

(b) is a British subject or Canadian citizen,

(c) is a veteran or has resided in the Province for an aggregate total of one year within three years prior to the date of his application,

ALBERTA (continued)

- (d) in the opinion of the Minister, is operating a farm in Alberta may apply for a cultivation lease.

Applications under the Farm Development Regulations

7. (1) Pursuant to these regulations, on attaining 18 years of age
- (a) any person may apply to exchange his land for public land;
 - (b) any person that files a declaration of his intention to become a Canadian citizen may apply for a lease, with or without an option to purchase public land, but the option to purchase may not be exercised until the lessee becomes a Canadian citizen;
 - (c) a Canadian citizen or a British subject may apply to exchange, lease or purchase public land.

INSURANCE COMPANIES ACT

- Sec. 138 (3) The majority of the directors of a company so elected shall at all times be persons resident in the Province and subjects of the Crown by birth or naturalization.

TRUST COMPANIES ACT

Directors requirements

- Sec. 30. (6) Three-quarters of the directors shall at all times be Canadian citizens ordinarily resident in Canada.

Definitions

- Sec. 66. (1) In this section and sections 67 to 69,
- (a) "corporation" includes an association, partnership or other organization;
 - (b) "non-resident" means
 - (i) an individual who is not ordinarily resident in Canada, or
 - (ii) a corporation incorporated, formed or otherwise organized, elsewhere than in Canada, or
 - (iii) a corporation that is controlled directly or indirectly by non-residents as defined in subclause (i) or (ii) or
 - (iv) a trust established by a non-resident as defined in subclause (i), (ii) or (iii), or a trust in which non-residents as so defined have more than 50 per cent of the beneficial interest, or
 - (v) a corporation that is controlled directly or indirectly by a trust mentioned in subclause (iv);
 - (c) "resident" means an individual, corporation or trust that is not a non-resident.

- (2) For the purposes of sections 67 to 69, a shareholder is deemed to be associated with another shareholder if

- (a) one shareholder is a partnership of which the other shareholder is a partner, or
- (b) one shareholder is a partnership of which the other shareholder is a partner, or

ALBERTA (continued)

- (c) one shareholder is a corporation that is controlled directly or indirectly by the other shareholder, or
- (d) both shareholders are corporations and one shareholder is controlled directly or indirectly by the same individual or corporation that controls directly or indirectly the other shareholder, or
- (e) both shareholders are members of a voting trust where the trust relates to shares of the company, or
- (f) both shareholders are associated within the meaning of clauses (a) to (e) with the same shareholder.

(3) For the purposes of sections 67 to 69, where a share of the capital stock of the company is held jointly and one or more of the joint holders thereof is a non-resident, the share is deemed to be held by a non-resident.

(4) For the purposes of this section and sections 67 to 69, a "shareholder" is a person who according to the register of shareholders of the company is the holder of one or more shares of the capital stock of the company and a reference in sections 67 to 69 to a share being held by or in the name of any person is a reference to his being the holder of the share according to the register of shareholders of the company.

(5) Where after June 30, 1969, a corporation or trust that was at any time a resident becomes a non-resident, any shares of the capital stock of the company acquired by the corporation or the trust while it was a resident and held by it while it is a non-resident shall be deemed, for the purposes of sections 67 and 68, to be shares held by a resident for the use or benefit of a non-resident.

(1969, c.112, s.8)

Non-resident shareholdings

Sec. 67. (1) The directors of a company shall refuse to allow a transfer of a share of the capital stock of the company to a non-resident to be recorded in the share transfer register of the company

- (a) if, when the total number of shares of the capital stock of the company held by non-residents exceeds 25 per cent of the total number of the issued and outstanding shares of such stock, the transfer would increase the percentage of such shares held by non-residents, or
- (b) if, when the total number of shares of the capital stock of the company held by non-residents is 25 per cent or less of the total number of the issued and outstanding shares of such stock, the transfer would cause the total number of such shares held by non-residents to exceed 25 per cent of the total number of the issued and outstanding shares of such stock, or
- (c) if, when the total number of shares of the capital stock of the company held by the non-resident and by other shareholders associated with him, if any, exceeds 10 per cent of the total number of issued and outstanding shares of such stock, and the recording of the transfer would increase the percentage of such shares held by the non-resident and by other shareholders associated with him, if any, or
- (d) if, when the total number of shares of the capital stock of the company held by the non-resident and by other shareholders associated with him, if any, is 10 per cent or less of the total

ALBERTA (continued)

number of issued and outstanding shares of such stock, the recording of the transfer would cause the number of such shares of stock held by the non-resident and by other shareholders associated with him, if any, to exceed 10 per cent of the issued and outstanding shares of such stock.

(2) The directors of a company shall not allot or allow the allotment of any shares of the capital stock of the company in circumstances where, if the allotment were a transfer of the shares, the directors would be required under subsection (1) to refuse to allow the transfer to be recorded.

(3) Default in complying with the provisions of this section does not affect the validity of a transfer of a share of the capital stock of the company that has been recorded in the share transfer register of the company or the validity of the allotment of shares of the capital stock of the company.

(1967, c.87, s.65; 1969, c.112, s.8)

Sec. 68. (1) Notwithstanding section 21 and section 47, subsection (2), where a resident holds shares of the capital stock of the company in the right of, or for the use or benefit of, a non-resident, the resident shall not, in person or by proxy, exercise the voting rights pertaining to those shares.

(2) Where any shares of the capital stock of a company are held in the name or right of or for the use or benefit of a non-resident, no person shall, either as proxy or in person, exercise the voting rights pertaining to such shares held by the non-resident or in his right or for his use or benefit, if the total of such shares so held, together with such shares held in the name or right of or for the use or benefit of

(a) any shareholders associated with the non-resident, or

(b) any persons who would, under section 66, subsection (2), be deemed to be shareholders associated with the non-resident were such persons and the non-resident themselves shareholders

exceed in number 10 per cent of the issued and outstanding shares of such stock.

(3) If any provision of this section is contravened at a general meeting of the shareholders of the company, no proceeding, matter or thing at that meeting is void by reason only of such contravention, but any such proceeding, matter or thing is, at any time within one year from the day of commencement of the general meeting at which the contravention occurred, voidable at the option of the shareholders by a resolution passed at a special general meeting of the shareholders.

(1969, c.112, s.8)

By-laws re non-resident shareholders

Sec. 69. (1) The directors may make such by-laws as they consider necessary to carry out the intent of sections 66 to 68 and subsections (2) and (3) of this section and in particular, and without restricting the generality of the foregoing, the directors may make by-laws

(a) requiring any shareholders of the company to submit a declaration

(i) with respect to the ownership of such share,

(ii) with respect to the place in which the shareholder and any person in whose right or for whose use or benefit the share is held are ordinarily resident,

ALBERTA (continued)

- (iii) whether the shareholder is associated with any other shareholder, and
 - (iv) with respect to such other matters as the directors consider relevant for the purposes of sections 66 to 68 and this section,
 - (b) requiring any person desiring to have a transfer of a share to him recorded in the share transfer register of the company or desiring to subscribe for a share of the capital stock of the company to submit such a declaration as may be required pursuant to this section in the case of a shareholder, and
 - (c) prescribing the times at which and the manner in which any declaration required under clause (a) or (b) is to be submitted.
- (2) Where pursuant to any by-law made under subsection (1) any declaration is required to be submitted by any shareholder or person in respect of the transfer of or subscription for any share, the directors may refuse to allow a transfer to be recorded in the share transfer register of the company or to accept a subscription without the submission of the required declaration.
- (3) In determining for the purposes of sections 66 to 68
- (a) whether a person is a resident or non-resident,
 - (b) by whom a corporation is controlled, or
 - (c) any other circumstances relevant to the performance of their duties under those sections,

the directors of the company may rely upon any statements made in any declarations submitted under this section or rely upon their own knowledge of the circumstances, and the directors are not liable in any action for anything done or omitted by them in good faith as a result of any conclusions made by them on the basis of any such statements or knowledge.

(1969, c.112, s.8)

SECURITIES ACT

Refusal of registration of non-resident

Sec. 14. (1) Without limiting the generality of section 7, subsection (1), the Director may refuse registration to any person where he is satisfied, on the basis of the statements in the application and from any other sources of information, that the applicant

- (a) has not been a resident of Canada for at least one year immediately prior to the date the application is made, or
- (b) is not a resident of Alberta at the date the application is made, or
- (c) does not intend to make his permanent home in Alberta if the application is granted,

that person

Unless at the date the application is made/is registered in a capacity corresponding to that of a broker, intestment dealer, underwriter, broker-dealer, sub-broker-dealer, security issuer

ALBERTA (continued)

investment counsel, securities adviser or salesman under the securities laws of the province or territory in Canada in which he last resided or is then residing and has been so registered for a period of not less than one year immediately preceding the date the application is made and is, in the opinion of the Director, otherwise suitable for registration.

(2) Without limiting the generality of section 7, subsection (1), the Director may refuse registration to a company or partnership where he is satisfied, on the basis of the statements in the application and from any other source of information available to him, that one or more of its officers or directors or one or more of the partners

- (a) has not been a resident of Canada for at least one year immediately prior to the date the application is made, or
- (b) is not a resident of Alberta at the date the application is made, or
- (c) does not intend to make his permanent home in Alberta if the application is granted

unless at the date the application is made that person or each of those persons, as the case may be, is registered in a capacity corresponding to that of a broker, investment dealer, underwriter, broker-dealer, sub-broker-dealer, security issuer, investment counsel, securities adviser or salesman under the laws of the province or territory in Canada in which he last resided or is then residing and has been so registered for a period of not less than one year immediately preceding the date the application is made and, in the opinion of the Director, would be otherwise suitable for registration if he were himself an applicant for registration.

AGRICULTURAL DEVELOPMENT ACT

REGULATIONS MADE UNDER THE
AGRICULTURAL DEVELOPMENT ACT

Definitions

- 1. In these regulations
 - (a) "agricultural industry" means an industry that
 - (i) processes, alters or packages any agricultural commodity produced in Alberta, or
 - (ii) provides services to primary producers;
 - (b) "non-resident" means
 - (i) a person who is not a Canadian citizen or landed immigrant, or
 - (ii) a person who is not ordinarily resident in Canada, or
 - (iii) a company incorporated, formed or otherwise organized elsewhere in Canada, or
 - (iv) a company that is controlled directly or indirectly by a non-resident as defined in subclauses (i), (ii) or (iii).

ALBERTA (continued)

- (v) a trust established by a non-resident as defined in subclauses (i), (ii), (iii) or (iv), or a trust in which non-residents as so defined have more than 50 per cent of the beneficial interest, or
- (vi) a company that is controlled directly or indirectly by a trust mentioned in subclause (v);
- (c) "person" includes a company or partnership;
- (d) "primary producer" means a person who is operating, or who intends to operate a farm and will be receiving a major portion of his income from farming;
- (e) "resident" means a person, including a trust, that is not a non-resident.

Residency requirements

5. Where a primary producer wishes to obtain a loan from the Corporation or have a loan guaranteed by the Corporation he shall provide evidence that

- (a) he is a resident, and
- (b) he has the necessary ability to successfully operate his enterprise or his proposed enterprise.

6. (1) Where a person carrying on business in an agricultural industry or associated business wishes to obtain a loan from the Corporation to have a loan guaranteed by the Corporation

(a) he shall provide evidence that

(i) he is a resident, and

(ii) he has or will have the necessary machinery, equipment, buildings, land, capital and ability to successfully operate the enterprise or proposed enterprise,

and

(b) he shall undertake to provide to the Corporation an audited financial statement annually.

Certain partnerships not eligible

7. A partnership having non-resident partners is not eligible for a loan in accordance with the Act if

- (a) the beneficial interest of non-resident partners in the partnership property exceeds 20 per cent of the fair market value of the partnership property at the time that the application for the loan is made or 20 per cent of the actual total purchase price of the partnership property at the time the application for the loan is made, whichever is the greater, and
- (b) the profits to which the non-resident partners are entitled to from the partnership exceeds 20 per cent of the total profits earned in each year by the partnership.

ALBERTA (continued)

Certain corporations not eligible

8. A company, to be eligible for a loan made in accordance with the Act
- (a) must be a resident of Alberta,
 - (b) can not have more than 20 per cent of the total number of its issued and outstanding equity shares beneficially owned, directly or indirectly, by non-residents over which non-residents exercise control or direction, and
 - (c) must be incorporated by or under an Act of Alberta, Canada or a province or territory of Canada.
9. For the purposes of these regulations, where an equity share is held jointly and one or more of the joint holders thereof is a non-resident, the share shall be deemed to be held by a non-resident.

THE ALBERTA OPPORTUNITY FUND ACT

Alberta Opportunity Fund

Sec. 2. (1) There is hereby established a fund under the name of the Alberta Opportunity Fund the total amount of which shall not exceed \$100,000,000, and which shall be held and administered by the Company with the object of promoting the development of resources and the general growth and diversification of the economy of Alberta.

(2) The Company shall give priority in the achievement of its objects to

(b) commercial enterprises owned and operated by Canadian citizens residing in Alberta.

ALBERTA GAS TRUNK LINE COMPANY ACT

Directors

Sec. 18. (1) The Board shall consist of 15 directors.

(2) Every director of the company shall

- (a) be a Canadian citizen,
- (b) be domiciled in and a resident of Alberta, and
- (c) have been resident in Alberta for at least one year immediately prior to his appointment as a director.

ALBERTA (continued)

THE ALBERTA ENERGY COMPANY ACT

Definitions

Sec. 1. (1) In this Act,

(h) "resident of Alberta" means a person who makes his home and is ordinarily present in Alberta;

Directors

Sec. 3. (1) Subject to the provisions of THE COMPANIES ACT, any Canadian citizen is qualified to be a director of the Company if he otherwise qualifies under the articles in that regard.

(2) A person ceases to be a director if he ceases to be a Canadian citizen.

(3) At least three-quarters of the members of the Board shall at all times be residents of Alberta.

Transfer of shares

Sec. 5. (5) A shareholder of the Company shall, upon the request of the Board made in accordance with the articles, submit a declaration to the Company with respect to

(a) his direct or indirect ownership of any shares of the Company;

(b) whether he and any person in whose right or for whose use or benefit the share is held are residents of Canada or individuals who are Canadian citizens;

(c) whether he is associated with any other shareholder;

(d) whether he is a Canadian citizen;

(e) if the shareholder is a corporation or trust, information establishing that the shareholder is a resident of Canada;

Eligibility to be a shareholder

Sec. 7. (1) No person other than a Canadian citizen or a person who is a resident of Canada is eligible to purchase, own or hold voting shares of the Company.

Restriction on holding voting shares

Sec. 25. No person shall purchase or hold voting shares of the Company in the right of or for the use or benefit of a non-resident, unless such non-resident is a Canadian citizen.

ALBERTA (continued)

Maximum share holdings

Sec. 26. (1) The total number of voting shares that may be held

(a) in the name or right of or for the use or benefit of a person, and

(b) in the name or right of or for the use or benefit of

(i) any shareholders associated with the person mentioned in clause (a), or

(ii) any other persons who would be deemed under these statutory conditions to be associated with the person mentioned in clause (a), if both he and such other persons were shareholders,

shall not exceed one per cent of the total number of the issued and outstanding voting shares of the Company or such other percentage or percentages as may be fixed by the Lieutenant Governor in Council by regulation.

Interpretation

Sec. 28. (1) For the purposes of this Part,

(c) "non-resident" means

(i) an individual who is not ordinarily resident in Canada, or

(ii) a corporation incorporated, formed or otherwise organized, elsewhere than in Canada, or

(iii) the government of a foreign state or any political subdivision thereof, or an agent of either, or

(iv) a corporation that is controlled directly or indirectly by non-residents as defined in this clause, or

(v) a trust

(A) established by a non-resident as defined in any of subclauses (ii) to (iv) other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or

(B) in which non-residents as defined in any of subclauses (i) to (iv) have more than 50 per cent of the beneficial interest,

ALBERTA (continued)

- (vi) a corporation of which the majority of the directors, or persons occupying the position of directors by whatever name called, are non-residents as defined in subclause (i), or
- (vii) a corporation that is controlled directly or indirectly by a trust defined in this clause as a non-resident;
- (d) "resident" means an individual, corporation, trust or government that is not a non-resident.
- (3) For the purposes of this Part, where a share of the Company is held jointly and one or more of the joint holders thereof is a non-resident, the share is deemed to be held by a non-resident.
- (5) Where a corporation or trust that was at any time a resident becomes a non-resident, any shares of the Company acquired by the corporation or the trust while it was a resident and held by it while it is a non-resident shall be deemed, for the purposes of this Part conditions, to be shares held by a resident for the use or benefit of a non-resident.

Source: "Public Lands Act", Revised Statutes of Alberta 1970, Chapter 297.

"The Public Lands Grazing Lease Regulations", The Alberta Gazette, December 31, 1966, Alberta Regulation 432/66, O.C. 2345/66.

"The Agricultural Farm Sale Regulations", The Alberta Gazette, June 30, 1967, Alberta Regulation 233/67, O.C. 1024/67.

"The Forest Management Area Grazing Licence Regulations", The Alberta Gazette, November 15, 1971, Alberta Regulations 309/71, O.C. 1828/71.

"Cultivation Lease and Permit Regulations", The Alberta Gazette, September 30, 1966, Alberta Regulation 325/66, O.C. 1761/66.

"Farm Development Regulations", The Alberta Gazette, November 30, 1971, Alberta Regulation 319/71, O.C. 1877/71.

"Insurance Companies Act", Revised Statutes of Alberta 1970, Chapter 187.

"Trust Companies Act", Revised Statutes of Alberta 1970, Chapter 372.

"Securities Act", Revised Statutes of Alberta 1970, Chapter 333.

"Alberta Opportunity Fund Act", Statutes of Alberta 1972, Chapter 11.

"Alberta Opportunity Fund Amendment Act", Bill 66, Third Session, 17th Legislature 1974, Alberta.

"The Alberta Gas Trunk Line Company Amendment Act, 1974", Bill 46, Third Session, 17th Legislature 1974, Alberta.

"The Agricultural Development Act", The Alberta Gazette, October 31, 1972, Alberta Regulation 323/72, O.C. 1657/72.

"Alberta Energy Company Act", Bill 32, Third Session, 17th Legislature 1974, Alberta.

BRITISH COLUMBIA

LAND ACT

No rights vested by filing of applications.

Sec. 7. (1) No person shall acquire any right whatsoever either vested or contingent, in or to Crown lands, or any priority in respect of such lands by reason of filing an application for Crown lands under this Act.

(2) No disposition of Crown land is binding on the Crown until the certificate of purchase, grant, lease, licence of occupation, right-of-way, or easement is executed by the Crown in accordance with this Act: and no negotiations or arrangements, whether in writing or otherwise, preliminary or prior to the execution of the documents herein referred to shall be binding on or commit the Crown to perform or complete a disposition.

(3) No person

(a) who is not a Canadian citizen within the meaning of the Canadian Citizenship Act (Canada); and

(b) whose application for a disposition of Crown land has not been allowed prior to the coming into force of this Act

shall be entitled to a Crown grant.

TRUST COMPANIES ACT

Directors

Sec. 23. (5) A majority of the directors of the company shall at all times be resident in the Province and subject of Her Majesty by birth or naturalization. R.S. 1948, c. 61, s. 23.

COMPANIES ACT

Directors

Sec. 131 The majority of the directors of every company shall be Canadian citizens resident in Canada.

Source: "Land Act", Statutes of British Columbia 1970, Chapter 17.

"Trust Companies Act", Revised Statutes of British Columbia 1960, Chapter 389.

"Companies Act", Statutes of British Columbia 1973, Chapter 18.

